

3/22/77 [1]

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Demo Letters 3/22

ELECTION REFORM

ENERGY REORG

GEN. REORG

NOMINATIONS 68/29

WELFARE REFORM

TAX "

MOSCOW TRIP

FUKUDA

TAX

Defense - stop
hiring civilians

THE PRESIDENT'S SCHEDULE

Tuesday - March 22, 1977

7:30	Dr. Zbigniew Brzezinski - Oval Office.
7:45	Mr. Frank Moore - The Oval Office.
8:00 (60 min.)	Democratic Congressional Leadership Breakfast. (Mr. Frank Moore) - First Floor Family Dining Room.
9:00 (5 min.)	Senator Daniel K. Inouye. (Mr. Frank Moore). The Oval Office.
9:30	Mr. Jody Powell - The Oval Office.
10:00 (90 min.)	Meeting with His Excellency H. E. Takeo Fukuda, Prime Minister of Japan. (Dr. Zbigniew Brzezinski). The Cabinet Room.
11:45	Vice President Walter F. Mondale, Admiral Stansfield Turner, and Dr. Zbigniew Brzezinski - The Oval Office.
12:30	Lunch with Vice President Walter F. Mondale - Oval Office.
1:45 (10 min.)	Dr. E. F. Schumacher. (Mr. Stuart Eizenstat). The Oval Office.
2:00	Mr. Bert Lance - The Oval Office.
2:30 (10 min.)	Presentation of Teacher of the Year Award. (Ms. Midge Costanza) - The Cabinet Room.
3:00 (60 min.)	National Security Council Meeting. (Dr. Zbigniew Brzezinski) - The Cabinet Room.
4:00	Secretary Cyrus Vance and Mr. Hamilton Jordan. The Oval Office.
5:45 (10 min.)	Congressman Peter Rodino. (Mr. Frank Moore). The Oval Office.
7:00	Speedreading Course - The Cabinet Room.

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THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

March 21, 1977

MEETING WITH CONGRESSMAN PETER RODINO

Tuesday, March 22, 1977

5:45 p.m.

The Oval Office

From: Hamilton Jordan

I. PURPOSE

Congressman Rodino requested this meeting to discuss the possibility of a federal appointment for Governor Brendon Byrne of New Jersey.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: New Jersey has a gubernatorial election this year, as you know. The close of filing for the primary comes in approximately five weeks. Polls show that Governor Byrne could possibly win the primary but has no chance to win the general election. Several other candidates have indicated their intention to run in the primary, including Congressmen Florio and Roe and Paul Jordan, Mayor of Jersey City. There seems to be a consensus among New Jersey political leaders that the best chance of retaining the Governorship is to assist Byrne in finding a federal job.

Byrne has expressed to the Vice President strong interest in being considered for Ambassador to Ireland. Also, he has indicated to others that other suitable federal jobs would be of interest. He entered the Governorship after a distinguished career as a lawyer and judge. He is a poor politician but a very outstanding prosecutor and judge.

Under New Jersey law, the President of the Senate succeeds to the Governorship if the Governor resigns. The current President is Senator Matte Feldman. Feldman recently pleaded guilty to charges of corporate bribery. New Jersey Democrats believe that

if Byrne were to take a federal position, Feldman would step aside to allow the present Senate Majority Leader Joe Morlino to become the Governor.

You have three options basically:

1. State that you do not wish to get involved at this time in what is essentially internal New Jersey politics.

2. State that you are prepared to consider Byrne for a position after he has completed his term. This option would involve a direct commitment to Byrne from you to persuade him not to run.

3. State that you are prepared to find Governor Byrne a position in the Administration if the problem with Feldman can be worked out.

B. Participants: Congressman Rodino.

C. Press Plan: No announcement to the press.

III. TALKING POINTS

1. Express concern that the Democratic Party in New Jersey be strengthened and that we retain the Governorship in 1977.

2. State that you have reservations about moving to make a quick political appointment in face of the filing deadline.

3. Assure Rodino that you will discuss the situation with Byrne and try to reach an agreement which is mutually acceptable.

THE WHITE HOUSE

SIGNATURE MUST BE SECURED

TO: DATE.....3/22/77
The Honorable Brockman NUMBER.....993834
Adams
Sec. of Transportation Time Rec'd.....4:35
Washington, D. C.
RECEIVED BY.....
DELIVERED BY.....
RETURN RECEIPT TO.....RICH HUTCHESON

THE WHITE HOUSE
WASHINGTON

March 22, 1977

Stu Eizenstat
Jack Watson

The attached letter has been sent to
Secretary Adams. This copy is for
your information.

Rick Hutcheson

Re: Rapid Transit Systems

THE WHITE HOUSE
WASHINGTON

ACTION	FYI	
		MONDALE
		COSTANZA
	X	EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
	X	WATSON

ORIG
TO FRECK
ADAMS

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ENROLLED BILL
	AGENCY BILL
	Staffing comments should go to Bert Carp within 48 hours; due from Carp to Staff Secretary next day.

	CAB DECISION
	EXECUTIVE ORDER
	Staffing comments should go to Doug Huron within 48 hours; due from Huron to Staff Secretary next day.

ACTION	FYI	
		ARAGON
		BOURNE
		BRZEZINSKI
		BUTLER
		CARP
		H. CARTER
		CLOUGH
		FALLOWS
		FIRST LADY
		GAMMILL
		HARDEN
		HOYT
		HUTCHESON
		JAGODA
		KING
		KRAFT
		LANCE
		LINDER
		MITCHELL
		POSTON
		PRESS
		B. RAINWATER
		SCHLESINGER
		SCHNEIDERS
		SCHULTZE
		SIEGEL
		SMITH
		WELLS
		VOORDE

THE WHITE HOUSE
WASHINGTON

3-21-77

To Brock Adams

I suspect that many of the rapid transit systems are grossly overdesigned. We should insist on:

- a) off street parking
- b) one-way streets
- c) special bus lanes
- d) surface rail/bus

as preferable alternatives to subways. In some urban areas, no construction at all would be needed if a), b) & c) are required -

J. Carter

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

March 21, 1977

MEETING WITH SENATOR DANIEL K. INOUE

Tuesday, March 22, 1977

9:00 a.m. (5 minutes)

The Oval Office

FROM: Frank Moore fm

I. PURPOSE

To discuss the bombing of Kahoolawe Island, Hawaii

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: For decades, the Hawaiian Island of Kahoolawe (Kah-who-lah-way) has been used by the Navy for training exercises, mainly bombing practice using live ammunition. Recently, a small group of native Hawaiians landed on the island for the purposes of stopping the Navy exercises and protesting the destruction of Kahoolawe. As far as can be determined, those protestors have been removed, but before the Navy is permitted to resume its operations, Senator Inouye wants to be sure (1) that all civilians have been evacuated and, more importantly, (2) that you are aware of some of the delicate issues surrounding the Kahoolawe situation. The Senator does not object to the Navy's continued use of the Island, but would like to suggest ways to deal with the political repercussions of renewed bombing exercises.

B. Participants: Senator Daniel K. Inouye

C. Press Plan: White House photo only

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THE WHITE HOUSE
WASHINGTON

March 22, 1977

Z. Brzezinski -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Miss Marie-Christine Roberts
Citizenship

THE WHITE HOUSE
WASHINGTON

ACTION	FYI
	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON

cc
TO
VANCE

FOR STAFFING
FOR INFORMATION
✓ FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY
IMMEDIATE TURNAROUND

ENROLLED BILL
AGENCY BILL
Staffing comments should go to Bert Carp within 48 hours; due from Carp to Staff Secretary next day.

CAB DECISION
EXECUTIVE ORDER
Staffing comments should go to Doug Huron within 48 hours; due from Huron to Staff Secretary next day.

ACTION	FYI
	ARAGON
	BOURNE
	✓ BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING
	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	WELLS
	VOORDE

BILLY GRAHAM
Montreat, N.C. 28757
March 17, 1977

*Cy -
Can we help?
J*

THE PRESIDENT HAS SEEN.

Dear Mr. President,

You have been much on my heart and in my prayers during recent days as you face mounting crucial decisions that affect people not only of this country but of the world.

I have been asked to pass on the enclosed letter from Miss Marie-Christine Roberts entitled "Goodby My Dear Mr. President." It would probably make a warm human relations story in the press, but she is not desirous of any publicity. Her step-father is an extremely wealthy man with homes in various parts of Europe and America. His oldest son married my oldest daughter about fifteen years ago.

Marie-Christine Roberts deserves some attention from someone. She has been an American citizen all her life and was only informed a few weeks ago in Nice that her passport was being lifted. She is terribly bewildered and disappointed because she never was informed at any time that her American citizenship might be in jeopardy, since her father was an American citizen and fought with the American Forces during World War II, and was killed in a tragic automobile accident. She will literally be a young woman without a country on April 14.

I thought I might call this to the attention of your office in the hopes that someone might give a few minutes of time to look into this matter. She is a deeply committed Christian.

Please give my warmest greetings to Rosalynn and other members of the family.

With warmest Christian greetings and affection,



The President
The White House
Washington, D.C. 20500

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for Preservation Purposes**

Marie-Christine Roberts
c/o Rev. Billy Graham
Montreat N.C. 28757

March 11, 1977

Goodby My Dear Mr. President,

I was proud of your election and to me as
to millions of other Americans, it was a true demonstration of the
Spirit of America.

Thank you for all you have already done
for Our Country. I pray that Our Country will, as in the past, be an
example of Democracy, Justice and respect of Human Rights. Thus it
will help the world realize that Peace is possible.

My Dear President, I said goodbye because,
to my great surprise, I have just been informed that I have lost my
citizenship.

My name is Marie-Christine Roberts. I was
born in May of 1948. My father was an American Veteran. He met my mother,
a French citizen, in 1947, in Baton Rouge, Louisiana, where they were
married. At the time of my birth, my mother, to be close to her mother,
was in Switzerland where I was born. When I was three months old, my
mother took me back to the United States. Almost at the same time, my
father had a tragic moto-car accident that took his life.

In 1951, my mother was remarried to an Armenian, a Swiss citizen, Mr. Ara Tchividjian. I thus have a family with four brothers and three sisters. My heart always remained American and my whole family was proud of it too. From that time on, I have been coming with my family, back to the States regularly to spend several months at a time.

In my new family there always has been strong gratefulness, deep love and respect for the United States. Ever since our grandmother came to know the Lord through American missionaries and even more so now since my oldest brother married Mr. Billy Graham's eldest daughter. More Americans in the family !

If you will allow me to be personal, I wish to tell you that I have always treasured my American passport, and this for many reasons. The most important of them all is that it is the only visible heritage that I have left from my father.

Although this is very personal and difficult to explain, I am sure, Mr. President, that you will understand how I feel.

The blood heritage for me is the most precious thing one can have on this earth. I am born of an American father and will remain for ever, by birth, an American. My passport is the tangible evidence of this reality.

In losing my U.S. citizenship, I am becoming a victim of the fact that the U.S. Consulate in Nice gave me in 1966 a new passport without any limitation. Had they then put a limitation, I would have become immediately aware of the fact that I had to meet some requirements concerning my citizenship.

In 1966, being 18 years old, I still had time to spend the required amount of time in the United States. It was my last chance to do so, (may I say here that I have already spent almost five years in the States) I do not wish to put all the blame on the U.S. Consulate in Nice since no one is supposed to ignore the law.

If we understood well, to regain my citizenship, I would have to follow the same procedure as an alien; i.e. permanent resident and then naturalization.

You will understand Mr. President, that for me to accept this is impossible. As I said, my passport is the only heritage that I have from my father. For me to accept the above procedure to get my citizenship back, would be denying my blood heritage.

Dear Mr. President, I ask you to forgive my mistake and to give me back my American passport. Please, do not take away her citizenship from a girl whose father fought during about two and a half years for his and her country.

If I do not receive your forgiveness and my passport, a victim of my mistake and of the Consulate's mistake, I will have to leave this country before April 14, as an unwanted person. In other words, I would be chased from my own country.

Please Mr. President, do not let this happen.

My Dear Mr. President, do not let me have to say, " Goodby Mr. President " but " Thank you Mr. President, My President. "

McIntire Roberts

THE WHITE HOUSE
WASHINGTON

March 22, 1977

Stu Eizenstat -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Economic Stimulus Package

cc: Frank Moore

THOMAS P. O'NEILL, JR., MASS.
CHAIRMAN

THE PRESIDENT HAS SEEN.

THOMAS S. FOLEY, WASH.
2ND VICE CHAIRMAN

JIM WRIGHT, TEX.
VICE CHAIRMAN

JOHN BRADEMAS, IND.
DAN ROSTENKOWSKI, ILL.
BENJAMIN S. ROSENTHAL, N.Y.
BILL ALEXANDER, ARK.
GEORGE E. DANIELSON, CALIF.
BARBARA JORDAN, TEX.
PETER H. KOSTMAYER, PA.
RALPH H. METCALFE, ILL.
CHARLES ROSE, N.C.

IRVINE H. SPRAGUE
EXECUTIVE DIRECTOR
202-225-7187

U.S. House of Representatives
Democratic Steering and Policy Committee
422 House Office Building Annex 1
Washington, D.C. 20515

March 21, 1977

ELECTED REGION MEMBERS

1. HENRY A. WAXMAN, CALIF.
2. LLOYD MEEDS, WASH.
3. DAVID R. OBEY, WIS.
4. MORGAN F. MURPHY, ILL.
5. RICHARD BOLLING, MO.
6. E DE LA GARZA, TEX.
7. WALTER FLOWERS, ALA.
8. DAWSON MATHIS, GA.
9. ROBERT A. ROE, N.J.
10. JOHN H. DENT, PA.
11. JONATHAN B. BINGHAM, N.Y.
12. NORMAN E. D'AMOURS, N.H.

MEMO TO: The Speaker
FROM : Irv Sprague
SUBJECT: Legislative Checklist for Tuesday Meeting

Sta
J

ECONOMIC STIMULUS PACKAGE

1. Budget resolution (S.Con.Res. 10) completed March 3. (226 to 173, Senate voice)
2. \$4 billion Local Public Works Jobs (H.R. 11) bill passed House February 24 (295-85). Passed Senate March 10 (74-11). Senate added \$9 billion for water pollution construction grants. Also, by 65-25 vote, added language designed to keep the Administration from withholding funds for 19 water projects. (There is a major dispute between the House and Senate committees on the water pollution money. No conference set. House committee working on its own authorization bill.)
3. Tax Reduction and Simplification Act (H.R. 3477). Passed House March 8 (282-131). Senate committee finished markup today and agreed to file report next Monday.
4. Economic Stimulus Supplemental Appropriation (\$23 billion). Passed House March 15 (281-126). Reported in Senate March 17. On Senate Floor late this week.
5. CETA one year straight authorization expected to be ordered reported Tuesday morning by House Committee.
6. Countercyclical Revenue Sharing (H.R. 3730). Subcommittee has concluded hearings. Senate may add authorization to tax bill. (Budget resolution included \$925 million for fiscal 1977. House approved \$632 million with 183 to 225 vote on motion to reduce it to \$250 million.) Senate committee reported \$925 million.

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OTHER MATTERS

REORGANIZATION - House Government Operations Committee March 17 approved reorganization plan (40-3). On House Floor next week. Similar bill passed Senate March 3 (94-0).

ETHICS - House March 2 adopted H.Res. 287 (402 to 22). On Senate Floor this week.

ENERGY - Awaiting President's April 20 message. New Energy Department to follow action on general reorganization bill.

LABOR - Situs Picketing on House Floor this week. Black Lung to be reported by House Committee Tuesday. NLRA amendments, including 14B, awaiting Senate action.

AUTHORIZATIONS - Committees working on the more than 100 authorization measures that must be reported by May 15 to meet the Fiscal 1978 budget deadline.

DISPOSITION OF PRESIDENTIAL REQUESTS

- Jan. 26 Emergency Natural Gas legislation request. Completed Feb. 2.
- Feb. 1 Economic Recovery Program message (see also Feb. 22 supplemental request).
- Budget Resolution (S. Con. Res. 10) completed March 3.
 - Public Works bill (H.R. 11) passed House Feb. 24. Senate passed and requested Conference March 10.
 - Tax bill (H.R. 3477) passed House March 8. Senate intends to report March 21.
 - CETA authorization (H.R. 2992) in House full Committee markup March 22. Senate expects to report early May.
 - Countercyclical Revenue Sharing (H.R. 3730) House subcommittee hearings completed. Not yet introduced in Senate.
- Feb. 2 Southwestern Power supplemental appropriation request (H.J. Res. 227). Completed Feb. 7.
- Feb. 7 Executive Reorganization request (H.R. 5045). House Committee has ordered reported. Senate passed plan March 3.
- Feb. 21 Disaster Relief supplemental appropriation request (H.J. Res. 269). Completed March 11.
- Feb. 21 Fishing Agreements with Korea, Japan, Spain and the European Economic Community. Completed March 2.
- Feb. 22 Economic Stimulus supplemental appropriation request (H.R. 4876). Passed House March 15. Scheduled for Senate Floor March 23.
- Feb. 22 Budget Rescissions. Major rescission (shipbuilding) approved by House and Senate. Action completed March 15.
- Feb. 22 Water Project Deletions. Will be considered by House Appropriations Committee in conjunction with regular 1978 appropriations. Senate added prohibition in Public Works bill passed March 10.
- Feb. 23 District of Columbia supplemental appropriation request. Included as part of regular 1977 Supplemental Appropriation March 16.
- Feb. 28 1977 Supplemental Appropriation request. Passed House March 16. Pending in Senate Committee.
- Mar. 1 Department of Energy request. House Government Operations Committee will consider immediately following Reorganization bill. Senate to complete hearings March 30.

- Mar. 4 Airline Deregulation request. Subcommittee Chairman will introduce bill shortly.
- Mar. 8 Supplemental Appropriation and Budget Amendments. FY 77 amendments considered in 1977 Supplemental Appropriation. FY 78 amendments will be considered as part of regular bills.
- Mar. 9 Revision and Withdrawl of Deferrals. Pending in House Appropriations.
- Mar. 9 Youth Employment. Awaiting Administration request. Meanwhile, House Subcommittee holding hearings on introduced bills.
- Mar. 10 Denial of Import Relief for Mushrooms. Pending in Ways and Means.
- Mar. 14 Supplemental Appropriations for FY 77 and Budget Amendments for FY 78. Supplemental appropriations request for FY 77 passed House March 16. FY 78 Budget Amendments to be considered with regular bills.
- Mar. 14 Arms Control and Disarmament Act Amendments. Pending in House International Relations Committee.

House Democratic Steering
and Policy Committee

March 21, 1977

LEGISLATIVE CHECKLIST

Measures for which funding is intended in Fiscal 1978 that must be reported by May 15 to conform to the Budget Resolution.

AGRICULTURE

Agriculture Conservation legislation
Agriculture Consumers Protection Act of 1973
Agriculture Research legislation
Agriculture Resources Conservation Act of 1977 (H.R. 75)
Beekeeper and Dairy Indemnity
Commodity Exchange Act Technical Amendments
Commodity Program Amendments
Disaster Payments & Federal Crop Insurance Program
Federal Insecticide Fungicide & Rhodenticide, Extend & Amend
Food Stamp Act, Extend and Amend
Sugar legislation

ARMED SERVICES

Military Construction
Defense Authorization

BANKING, FINANCE AND URBAN AFFAIRS

Council on Wage and Price Stability (H.R. 3184) — *Early May*
Defense Production Act Extension (H.R. 4962) — *Early May*
*New York City Seasonal Financing — *After June*
Human Resources Development Act (H.R. 2596) — *Late April or Early May*
National Consumer Cooperative Bank Act (H.R. 2777) — *Late April or Early May*
Renegotiation Act (H.R. 4082) — *After April 17*
Housing and Community Development Act of 1977 (H.R. 4703) — *Before May 15*
International Development (World Bank, IDA, IFC, Asian Bank and Fund) (H.R. 4842) — *Before April 7*
Export-Import Bank Amendments — *After April 17*

DISTRICT OF COLUMBIA

D.C. Borrowing from U.S. Treasury (H.R. 4550) — *Week of May 2*
Federal Funding - D.C. Employee Retirement Programs (H.R. 2465) — *Week of*
D.C. Stadium Act, Amend (H.R. 4549) — *Week of May 2*

Federal Payment to District of Columbia Government — *Week of May 2*
Government Corporation to Manage St. Elizabeth's Hospital
(H.R. 3335) — *Week of May 2*
Washington Metro Area Transit Authority — *Week of May 2*
Federal Payment for Water/Sewer — *Week of May 2*

EDUCATION AND LABOR

Youth Employment
CETA (H.R. 2992) — *March 22*
* Full Employment & Balanced Growth Act (H.R. 50)
Young Adult Conservation Corps
Elementary and Secondary Education
Elementary and Secondary Career Education Act of 1977 (H.R. 7) — *March 22*
School Lunch and Child Nutrition (H.R. 1139)
Federal Mine Safety & Health Amendments Act of 1977 (H.R. 4287)
Youth Camp Safety (H.R. 4286)
Black Lung Benefits Reform Act of 1977 (H.R. 4544) — *March 22*
Juvenile Justice & Delinquency Prevention

GOVERNMENT OPERATIONS

Antirecession (Countercyclical) Assistance Act (H.R. 3730) — *By May 15*
Consumer Protection Agency — *By May 15*
Department of Energy (H.R. 4263) — *By May 15*
Inspector Generals for Several Departments & Agencies (H.R. 2819) — *By May 15*

HOUSE ADMINISTRATION

Government Printing Office Plans — *Early May*
Federal Election Commission Expenses — *Early May*
* Public Financing of Federal Elections — *June or July*
Universal Voter Registration — *Early May*
Library of Congress Authorization — Early May

INTERIOR AND INSULAR AFFAIRS

Alaskan Natural Gas Transportation Act
Surface Mining Control and Reclamation (H.R. 2)
Marshall Islands -- Compensation of Residents
Eniwetok Atoll Rehabilitation
Chattahoochee River National Recreation Area (H.R. 1891)
Boundary Waters Canoe Area (H.R. 2820)
Trust Territory of the Pacific Islands
Wilderness Preservation System (H.R. 39)
Additions: H.R. 2876, H.R. 3454
Redwood National Park Amendments (H.R. 3813)
San Luis Unit/Central Valley Project
Guam - Capital Improvements
Indian Claims Authorization (H.R. 4585)

Manassas Battlefield Act, Amend (H.R. 4134)
Office of Water Research and Technology (H.R. 4157)
Water Resources Council - Transfer to Interior
Nuclear Regulatory Commission Authorization (H.R. 3455)

INTERNATIONAL RELATIONS

International Economic Development Assistance
Loan for Portugal
Export Administration Act Amendments of 1977 (H.R. 1561)
International Security Assistance Authorization
Peace Corps Authorization
Council for International Economic Policy
Overseas Private Investment Corporation Authorization
Authorization for State Department, USIA and Board for
International Broadcasting
Arms Control & Disarmament Agency Authorization

INTERSTATE AND FOREIGN COMMERCE

Federal Trade Commission Improvement Act (H.R. 2483) (H.R. 3816)
Dealer Day in Court (H.R. 130)
Biomedical Research Extension (H.R. 4975)
Clean Air Act Authorization (H.R. 4151)
Federal Trade Commission Act (H.R. 3816)
Petroleum Marketing Practices Act (H.R. 130)
Drug Enforcement Agency Extension
Drug Safety Amendments (H.R. 1603)
Health Planning, Health Services, Statistics and Medical
Libraries (H.R. 4974)
Medicare - Medicare Anti Fraud Act (H.R. 3)
Health Services Extension Act of 1977 (H.R. 4976)
Consumer Communications Reform Act (H.R. 8)
U.S. Railway Association Authorization, Amend (H.R. 4049)
Noise Control Act

JUDICIARY

Lobbying Activities Disclosure
Commission on New Technological Uses of Copyrighted Material
Loan Fund for Discharged Prisoners
Court Reform
National Legal Services Corporation Amendments Act of 1977
(H.R. 3719)
Commission on Sentencing Reform
Compensation for Victims of Crime
Special Prosecutor
Adjustment of Status of Indochina Refugees
Additional District and Circuit Court Judges

MERCHANT MARINE AND FISHERIES

Endangered Species
Fish and Wildlife Coordination Act, Amend
Energy Transportation Security Act of 1977 (H.R. 1037)
National Sea Grant Program Act of 1978 - Appropriation
Authority (H.R. 4301)
Fishermen's Protective Act (H.R. 4140)
Authorization for Seal Beach, Dismal Swamp and San Francisco
Wildlife Refuge (H.R. 4141)

POST OFFICE AND CIVIL SERVICE

Federal Employee Health Benefits (H.R. 2931)
Postal Reform Act of 1977
Federal Service Labor Management Relations Civil Service
Reform Legislation of 1977 (H.R. 13)
Administrative Law Judge - Authorization - 100 additional
White House Personnel and Other Expenses

PUBLIC WORKS AND TRANSPORTATION

Aircraft Noise Abatement
Solar Energy in Public Buildings
Visitors Center
Mass Transit for Elderly and Handicapped; Rural Operating
Assistance
River Basin Monetary Authorizations
Disaster Relief
Water Pollution Control Authorization

SCIENCE AND TECHNOLOGY

Environmental Research, Development and Demonstration Authorization
Act of 1978 (H.R. 5101)
Biomass Loan Guarantees (H.R. 37)
National Climate Program Act of 1977 (H.R. 783)
Automotive Transport Research and Development Act of 1977 (H.R. 784)
Environmental Research Reorganization Act (National Laboratories
and Regional Laboratories)
Environmental Research on Impacts of Energy Development
Earthquake Hazards Reduction Act of 1977 (H.R. 35)

SMALL BUSINESS

None

VETERANS' AFFAIRS

Grants to Gernment of Philipppines (H.R. 2860)

Grants for Nursing Home Construction and Veterans' Care (H.R.3695)

WAYS AND MEANS

International Trade Commission Authorization

INTERNATIONAL RELATIONS AND AGRICULTURE JOINTLY

P.L. 480 (Food for Peace) Extension

SCIENCE AND TECHNOLOGY AND ARMED SERVICES JOINTLY

ERDA Authorization (1977 and 1978)

PUBLIC WORKS AND MERCHANT MARINE JOINTLY

Deepwater Ports

This list does not include all new legislative initiatives of Congress and the Administration.

* After May 15.

THE WHITE HOUSE
SIGNATURE MUST BE SECURED

TO:

The Honorable W. Michael
Blumenthal
Secretary of the Treasury
Washington, D.C. 20220

DATE..... 3/22/77

NUMBER 003835....

TIME REC'D

RECEIVED BY.....

DELIVERED BY..... *C. J. Preston*

RETURN RECEIPT ROOM *Newman (E/Sec)*

~~RICK HUTCHESON~~

THE WHITE HOUSE
WASHINGTON

March 22, 1977

The Vice President
Secretary Blumenthal
Secretary Bergland
Jack Watson
Charlie Schultze

Views on Administration Agriculture
Policy

The attached was returned in the President's
outbox and is forwarded to you for your
information and appropriate action.

Rick Hutcheson

(copy already sent to
Stu Eizenstat)

THE WHITE HOUSE
WASHINGTON

ACTION	FYI	
	X	MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
	X	WATSON

cc Berglund
Hornthal
already has

FOR STAFFING
FOR INFORMATION
X FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY
IMMEDIATE TURNAROUND

ENROLLED BILL
AGENCY BILL
Staffing comments should go to Bert Carp within 48 hours; due from Carp to Staff Secretary next day.

CAB DECISION
EXECUTIVE ORDER
Staffing comments should go to Doug Huron within 48 hours; due from Huron to Staff Secretary next day.

ACTION	FYI	
		ARAGON
		BOURNE
		BRZEZINSKI
		BUTLER
		CARP
		H. CARTER
		CLOUGH
		FALLOWS
		FIRST LADY
		GAMMILL
		HARDEN
		HOYT
		HUTCHESON
		JAGODA
		KING
		KRAFT
		LANCE
		LINDER
		MITCHELL
		POSTON
		PRESS
		B. RAINWATER
		SCHLESINGER
		SCHNEIDERS
	X	SCHULTZE
		SIEGEL
		SMITH
		WELLS
		VOORDE

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN.

*Have worked it
out. E Bergland -
I believe -
JC*

ACTION

19 March 1977

TO:

THE PRESIDENT

FROM:

RICK HUTCHESON *Rid*

SUBJECT:

Views on Administration
Agriculture Policy

Attached are the various views of your advisors on Administration agriculture policy. Secretary Bergland is scheduled to testify next Wednesday, March 23. As your advisors disagree on some key issues, your decisions are needed in the near future.

Your advisors recommend that you meet with them on these matters. Tim Kraft advises that you are heavily scheduled for both Monday and Tuesday. If you wish to have a meeting on agriculture policy, there is time available as follows:

Monday 3:00-7:30 PM
Tuesday 4:00-5:45 PM

Attachments:

1. Eizenstat summary of the issues
2. Vice President's summary, and his views
3. Blumenthal memorandum reporting the results of EPG meeting
4. March 18 memo from Secretary Bergland (after EPG meeting)
5. original March 11 memo from Secretary Bergland (before EPG meeting)

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for Preservation Purposes**

THE WHITE HOUSE

WASHINGTON

March 19, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
LYNN DAFT *LD*

SUBJECT: Food and Agricultural Policy

Attached are two memoranda regarding legislative proposals for food and agricultural policy:

- (1) A memorandum from Secretary Blumenthal, as Chairman of the EPG, outlining unresolved issues on the topic; and
- (2) A memorandum from Secretary Bergland describing his proposal and why he favors it over the other options.

The general approach being proposed here, regardless of the unresolved issues, is consistent with your agricultural policy promises. Namely,

- Alignment of income supports with cost-of-production (recognizing that cost-of-production can be defined in several ways).
- Price stabilization on both the up-side and the down-side.
- Formation of a largely farmer-held grain reserve.
- Maintain U. S. competitiveness in the world market.

Other desirable features are that it:

- Provides income support through direct government payments rather than through food price inflation.
- Minimizes government interference in farmer decision-making and market price determination, as a result of direct payment approach.

- Realigns the levels of price support among grains so their competitive use relationships are not distorted (as they are at present).
- Introduces flexibility in the setting of loan rates to provide for downward adjustments if excessive production signals they are set too high.

Despite these positive features, some important questions remain unresolved:

- (1) The level at which income supports are to be set. Treasury, OMB, and CEA feel they should be set lower than USDA suggests. This would reduce farm income protection as it reduces Federal budget exposure. Though it is possible the USDA has underestimated budget costs, we doubt that lower supports would be acceptable on the Hill and therefore recommend that you adopt the USDA proposal. |
- (2) Adjustments in the level of income support. The USDA proposal provides for downward adjustments in loan rates under conditions of excessive supply but does not provide for such adjustment for income supports. CEA, OMB and Treasury recommend that there be provisions to adjust these supports downward to help avoid large budget costs. We are sympathetic with the aim of increased flexibility this option affords. Nonetheless, we recommend against this proposal on grounds that it could seriously undercut Congressional support.
- (3) Duration of the PL 480 authorization: One year or Four years? USDA, NSC, State, and AID recommend four years. OMB, CEA, and Treasury recommend one year on grounds that PL 480 should be reviewed in the context of an overall review of U. S. foreign assistance programs. We recommend four years, plus your endorsement of a thorough reassessment of this and other foreign assistance programs. |

The Congress has several farm bill proposals under consideration, the most important of which is that offered by Senator Talmadge. These proposals are substantially more expensive than that proposed by the USDA. If the Administration proposal lacks credibility, there is a real danger that the Congress will ignore it and adopt one of its own high-cost options.

The Blumenthal memorandum recommends that you meet with the principal people concerned with this issue (the Vice President, Blumenthal, Bergland, Schultze, and Lance) to discuss the options prior to Wednesday, March 23rd (when Secretary Bergland testifies before the Senate Agriculture Committee). Given the importance and complexity of this issue, we concur in this recommendation.

DECISION

✓ Agree

 Disagree

You will note that the Vice President's comments are largely in agreement with ours.

VICE PRESIDENT'S
RECOMMENDATIONS



OFFICE OF THE VICE PRESIDENT
WASHINGTON

March 19, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: THE VICE PRESIDENT

SUBJECT: FOOD AND AGRICULTURAL POLICY DECISION PAPER

I would like to recommend that you approve the USDA farm policy proposal. Among the options presented, I believe it is the only one that makes sense from both a practical economic and a political point of view.

TALMADGE BILL

Senator Talmadge has proposed a major five-year farm bill, involving roughly twice the budget exposure of that suggested by USDA. The Talmadge proposal is less generous in major respects than the Emergency Farm Act passed by the Congress but vetoed by President Ford in 1975. It is, in my judgment, a serious proposal and one which we must respond to in an effective way -- or face the threat that the Congress will send us a much more expensive measure than we would prefer.

OMB PROPOSAL

The OMB proposed alternative in my opinion does not represent an effective response to the Talmadge proposal. Congress is almost certain to disregard it, and I see no point in our being placed in the position of alienating the farm community to make a budget point on which we will lose. I believe that the Bergland proposal stands a good chance of adoption, would thus give us a greater chance of minimizing budget costs associated with the Talmadge alternative, and would give your Administration the opportunity to take credit for the final measure that is approved.

CEA VARIANT

CEA has proposed a variant of the Bergland proposal. This proposal would require the Secretary of Agriculture to lower income guarantees to farmers if commodity prices are depressed for a prolonged period of time. I have strong objections to this proposal. It would in effect tell farmers

that at the time they need income protection the most, we intend to reduce our commitments to them. I seriously doubt that the Congress would buy such a concept. Moreover, even if it were adopted, the time frame in which this authority would most likely be used is the period 1979-80 -- just as we are nearing the next election. If the returns to farmers in that period are persistently falling far beneath the cost of production, I see no way we could then lower the level of federal income support. Whether or not the CEA proposal were approved by Congress, and whether or not the option of lowering income supports were ever then exercised, the Republicans in 1980 would never let us forget that we had proposed this system of phantom assistance to the farmer.

BERGLAND PROPOSAL

During the campaign, we proposed a farm program based on production costs. Bob Bergland has estimated those production costs conservatively, by providing only a fractional allowance for land. It is vital in my view that we preserve the Administration's credibility with the Congress and with the farm community by coming forward with a proposal that is judged reasonable and consistent with our commitments, even if it is a good deal less generous than the one offered by Talmadge. To do less in my judgment would pose a serious risk that we will lose control of the process, and be faced with the option of vetoing or having to accept a very expensive bill.

EPG/BLUMENTHAL
MEMORANDUM

PRIORITY



*Mr. President:
Mike recommends
that you meet with Mondale,
Bergland, Schultz, Lane & him
before making that decision on this -
I agree with the group -
str + JW*

OFFICE OF THE SECRETARY OF THE TREASURY
WASHINGTON, D.C. 20220

March 18, 1977

MEMORANDUM FOR: THE PRESIDENT

From: W. Michael Blumenthal *WMB*
Chairman, Economic Policy Group

Subject: Food and Agricultural Policy

Issue

Legislative proposals for food and agricultural policies were reviewed by the Economic Policy Group in preparation for Secretary Bergland's testimony before the House and Senate Agricultural Committees on March 23 and 24. The EPG at Cabinet level reviewed the main policy issues on March 16, and two issues were identified where agency views differ and a decision by you will be necessary before the March 23 testimony.

The two issues are: 1) The levels, including budgetary implications, for farm income and price supports; and 2) The duration of PL 480 authorization (one vs. four years).

Setting/Background

Authority for the major farm and foreign food assistance programs expires this year. Senators Talmadge and Dole introduced a bill (S.275) for a new five-year program, which entails estimated annual budget outlays of \$4.7 billion under favorable weather conditions. The House and others in Congress are awaiting Administration guidance and we have been preparing a package covering four years, with comparable budget implications ranging from \$1.2 to \$2.4 billion, to be unveiled next week by Secretary Bergland.

Farm income is currently depressed due to the rapid rise in production costs, low cattle prices and excess supplies of food grains and sugar. Farmers' net incomes in the closing months of 1976 were more than a fifth below those in the last half of 1975, and a third below the 1973-74 average. The outlook is tenuous. Much depends on future

weather conditions. Agricultural interests are worried about large supplies, rising grain surpluses and further price declines.

During the campaign, you pledged to guarantee farm income equal to cost of production, but there is some flexibility in the way costs of production are defined. The Talmadge bill would include almost all costs. Alternative proposals considered by the EPG would define costs more narrowly. This distinction would mean a difference between \$2.91 (Talmadge) and \$2.86 (EPG) per bushel of wheat at the outset, and a widening gap over time.

only 5¢ difference?

Procedure

The following issues have important political as well as budget implications. You may therefore wish to discuss this matter with the principal people concerned (the Vice President, Bob Bergland, Charlie Schultze, Bert Lance and myself), or you can make decisions based on this memo.

Recommendation: That you hold such a meeting before March 23 to discuss the agricultural proposals.

Approve _____

Disapprove _____

Decision Issue 1: Farm Income and Price Supports

The USDA has developed proposals that combine price and income supports over the coming four years. There would be some flexibility in the implementation of price support levels but income support would be administered under an automatic formula of essentially full production costs at the outset, adjustable for changes in direct cost over time.

OMB developed alternative proposals with lower support prices. The following table compares these various proposals with the Talmadge bill with respect to net farm income, consumer food costs and budget outlays.

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FARM PROGRAM PROPOSALS AND OPTIONS

Comparison of Program Options (Favorable Weather*)

(Values shown are average of 1978-1981)

Options	Net farm income		Consumer food costs total	Estimated costs to Government		
	Nominal	Real		Payments	Other costs	Total outlays
----- Billions of dollars -----						
<u>Talmadge (S.275)</u>						
A. Minimum Price Support	23.9	13.6	201.5	3.876	.828	4.704
B. Higher Price Support**	23.5	13.3	204.1	2.176	1.175	3.351 <
<u>USDA</u>	21.9	12.4	202.1	1.582	.862	2.445
<u>OMB</u> Low Support	20.3	11.5	201.7	.331	.850	1.181
Revised	20.6	11.7	201.7	.638	.862	1.500

*Normal weather conditions would result in lower budget costs.

**Feed grains and cotton only.

During the course of the EPG discussion, two variations of the USDA proposals emerged, differing in the method of income support implementation:

- (1) USDA proposed that the basic formula (full cost of production at the outset, variable costs thereafter) be implemented without exception or modification during the four-year period. Arguments in support are:
 - It would apply for the first time a uniform standard of income support to all major crops.
 - Uncertainty over future income support levels would create Congressional pressure for higher price support levels, particularly wheat and rice.
 - It is the minimum politically acceptable response to the farm community's perception of the campaign pledge; the alternative could be the higher cost Talmadge bill.
- (2) The CEA proposed that when significant income payments have been made for a crop or crops and prospective market conditions indicate continued payments, income support prices should be adjusted gradually toward (but not below) the direct cost of production. Arguments in support are:
 - In the quite likely event that prices fall near price support levels but below income support levels, an inflexible approach would lead to inefficient use of resources and increased budget costs.
 - A uniform formula applied over time may have uneven impact on farmers if the initial cost calculations are inaccurate, and would primarily benefit large commercial operators.

--Taxpayers can accept payments to farmers on a short-term basis when market prices plunge unexpectedly, but not year-in, year-out payments.

It is not possible to put a precise budget figure on the difference between the two variants, but the second could clearly set limits on such outlays.

Treasury and OMB would be willing to support the CEA variant above, but OMB also thinks you should give consideration to its own revised proposals based on lower support prices (with estimated budgetary outlay of \$1.5 billion compared with \$2.4 billion in the USDA proposal). Income support levels by crop for the various options are attached.

Decision:

USDA proposal (\$2.4 billion budget estimate) _____ Approve

CEA variant of USDA proposal with greater flexibility for income support _____ Approve

OMB alternative (\$1.5 billion budget estimate) _____ Approve

Decision Issue 2: Duration of PL 480 Authorization

There is a difference of view as to the duration of proposed authorization for foreign food assistance programs under PL 480. This program has budgeted at about \$1 billion annually in recent years.

State, USDA, NSC and AID argue for a four-year authorization along with the rest of the agriculture program on grounds that:

- It would permit gearing food aid programming in a more responsive manner to short and longer term development needs.
- It would enable the U.S. to meet the food aid goals laid down at the World Food Conference.
- It would contribute to U.S. strategy in the North/South dialogue by indicating a substantial food aid commitment beyond this year.

OMB, CEA and Treasury argue for PL 480 authorization limited to one year on grounds that:

- There is a need for basic review of PL 480 policies to see how effective the program is and this cannot be done in time for this year's Congressional presentation.
- While there is some connection in practice between PL 480 programs and other elements of the farm program, it is not an integral part and can be separated out.

Decision:

Four-year PL 480 authorization
(State, USDA, NSC, AID)

_____ Approve

One-year PL 480 authorization
(OMB, CEA, Treasury)

_____ Approve

BERGLAND MEMO
MARCH 18



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

March 18, 1977

MEMORANDUM FOR: The President
The White House

SUBJECT: Our Food and Agriculture Program for the
First Term

This is a supplement to my memorandum of March 11 on food and agriculture legislative proposals for 1978-81. These proposals, and options, were reviewed by the Economic Policy Group on March 16.

The Economic Policy Group endorsed my proposals with one major and one minor exception. Some principals favor a reduction in income payments to crop producers when supplies are excessive. I must oppose this both on economic and political grounds. When supplies are excessive, crop prices and returns are depressed -- precisely at the time when income protection is needed the most.

Some principals also favor only a one-year extension in our foreign food assistance (P.L. 480) authority, pending a detailed assessment. I favor such a review but a four-year extension of our authority is needed to provide our share of the world food aid requirement during 1978-81.

Mr. Blumenthal is sending you a memo on these unresolved issues.

I am scheduled to present our food and agricultural policies to the Congress on March 22, 23, 24 and 25.

Food and Agriculture Policies and Programs

There has been great volatility in world food and agriculture in recent years in large part due to variable weather patterns. Weather shocks to the world food and agriculture system have a direct impact on our food and agriculture sector. Variability in the price received by our farmers for wheat, caused by world events, is demonstrated in the following:

Season Average Prices Received by U. S. Farmers

<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>	<u>1975-76</u>	<u>Feb. 1977</u>
-----Dollars Per Bushel-----					
1.34	1.76	3.95	4.09	3.55	2.44

2.86 \angle
2.60

In February 1974 our farmers received \$5.52 a bushel; this February \$2.44 a bushel for wheat.

In general, adverse weather means:

- * high crop prices and returns to crop producers;
- * high feed costs and low returns to livestock producers;
- * large agricultural export earnings;
- * low budget outlays for farm programs;
- * and rapid increases in food prices and expenditures.

In short, crop producers and taxpayers benefit from bad weather; livestock producers and consumers are the main losers. Favorable weather has consequences that are the mirror image of those associated with adverse weather. Recent year results are:

	1971	1972	1973	1974	1975	1976	Prelim. 1977
	- - - - - Billion Dollars - - - - -						- - - - -
Net Farm Income	13.2	17.8	29.9	27.8	22.7	23.3	19.5
1972 Dollars	13.8	17.8	27.7	22.6	16.8	16.3	12.9
Food Expenditures (Farm Produced)	110.7	117.8	135.2	149.3	159.0	164.2	170.9
1972 Dollars	116.2	117.8	115.3	111.9	111.1	113.6	115.3
Net Agriculture Trade Balance <u>1/</u>	1.93	2.00	5.58	11.74	12.00	12.04	9.8
Budget Outlays <u>1/</u>	2.9	4.1	3.6	1.1	0.6	1.1	1.9

1/ Fiscal years ending June 30 and September 30 beginning in 1977.

Farm income peaked in 1973; at present it is running at an annual rate of \$19-\$21 billion, which in 1972 dollars is below 1971 and all other recent years. Food expenditures increased over \$30 billion from 1972 to 1974, while budget outlays decreased from \$4.1 billion in FY 1972 to \$1.1 billion in FY 1974.

Extreme variations in farm and food prices are not good either for producers or consumers. The way to protect consumers from extreme increases in food prices is full production agriculture, until reserves and other stocks are large enough to insure both our domestic requirements and our foreign commitments can be met. But if we ask our farmers to produce enough to prevent rapid food price inflation, then it is only right to insure them that they will receive a fair return for what they produce.

Farm Program Proposals

The farm program proposals and options considered at the March 16 meeting of the EPG are summarized in Attachment A. My proposal is presented in Attachment B.

I propose that we adopt the concept of cost of production to establish income support levels, and that we define cost of production for this purpose to include variable, machinery, and overhead costs, a return to management, and a return to land equivalent to 3 percent of current land prices. The income support level for wheat and corn would be around \$2.85 and \$2.00 a bushel, respectively, with other crops at comparable levels.

This is not full cost of production -- if it were the return to land would be close to 9 percent. But a standard for income support payments higher than I propose would continue to escalate land prices and eventually change the structure of farming. A lower standard for income support payments would mean very low producer returns if weather were favorable. The income support levels I propose are, I believe, minimal levels. Any option with lower initial price and income support levels than I propose should not, in my view, be taken to the Congress.

You will receive a proposal that originated in the Council of Economic Advisers that would require me to reduce income supports in any year following one in which supplies and support payments were large. I propose to avoid such a situation by having a proviso in the legislation that will require a reduction in the price support levels in excess supply situations, but not in income supports. A reduction in market supports will encourage increased utilization of the commodities in excess supply.

There is the possibility that we will have a string of favorable weather years. If so, the CEA proposal would require that I reduce the income support levels when supplies are excessive and prices depressed. This is precisely the time income protection is needed by the producer and such a policy would, in my view, be politically disastrous.

Besides, under my proposal the income support payment is reduced the year following one when production is in excess of needs. Payments are only made on the number of acres that will produce requirements plus or minus stock changes, not total planted acreage. This is the proper way to protect against large payments. The per unit payment is the difference between the income support price and the actual market price.

I want us to adopt a policy that provides the same degree of income protection to all crop producers. Farm programs of the past have not done so -- producers of some crops have been given a better break under Government programs than others. I am not in favor of that form of discrimination, and therefore propose to apply the cost of production standard to all the major crops. The CEA proposal would require me to deviate from this principle.

I propose that we separate our commitments on supporting income from our commitments on supporting market prices. If the proposal put forward by the Council of Economic Advisers were adopted by the Administration, the Congress would likely counteract this by a program that provides farm income protection through high price support levels both for wheat and corn, without or with only minimal income support payment exposure. They are inclined to move in this direction anyway. Producer groups fear that the government will not continue to support the income of producers through payments, or that it will continue to limit program payments.

Acceptance of the CEA proposal would encourage wheat producer groups to push hard for a high price support program.

I have proposed that market price support not be tied to the cost of production. According to our standard the income support level for wheat will be about \$2.85 and corn about \$2.00 a bushel. Wheat market price supports at \$2.85 a bushel would make it very difficult for us to compete in world markets, and wheat would not be able to compete in livestock feed markets.

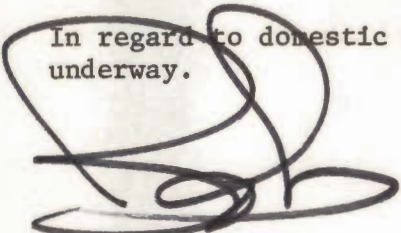
A high support price on wheat would encourage wheat producers to produce wheat instead of another grain (or crop), and wheat would not be able to compete in markets other than for foodgrains. This means that sooner or later we would have to go back to rigid acreage allotments and farmers would no longer be able to plant as they desire. This would be a long step backward in farm programs.

Food Policies

A farmer owned reserve is proposed that encourages farmers to place 1976 crop wheat and rice into the reserve. This can be done under current authorities. A 300 million bushel maximum on wheat is currently proposed pending the outcome of international reserve negotiations. Senator Humphrey also has proposed a small government owned reserve to insure international food aid commitments. We may want to support that proposal.

Our proposal also calls for an extension of foreign food aid assistance under P.L. 480. The extension includes several amendments to the current P.L. 480 authorization aimed at removing some of the inequities that have crept into the legislation. We plan to continue to program about 75 percent of our food assistance to the poorest countries. However, we are raising the cut-off from the present \$300 per capita level to \$520 per person. Other changes include authority to use up to 5 percent of the value of Title I sales to finance construction of storage, distribution and other facilities abroad.

In regard to domestic food assistance, an interagency discussion is still underway.



BOB BERGLAND
Secretary

FARM PROGRAM PROPOSALS AND OPTIONS

Comparison of Program Options (Favorable Weather)

(Values shown are average of 1978-1981)

Options	Net farm income		Consumer	Estimated costs to Government		
	Nominal	Real	food costs total	Payments	Other costs	Total outlays
	----- Billions of dollars -----					
<u>Talmadge (S.275)</u>						
A. Minimum Loans	23.9	13.6	201.5	3.876	.828	4.704
B. Higher Loans*	23.5	13.3	204.1	2.176	1.175	3.351
<u>USDA</u>	21.9	12.4	202.1	1.582	.862	2.445
<u>OMB</u>	20.3	11.5	201.7	.331	.850	1.181
<u>1973 Act Extension</u>	18.3	10.4	201.7	1.560	.740	2.290

*Feed grains and cotton only.

- Assumes very favorable weather over the period, thus costs shown are near maximum exposure and would not be expected to obtain. Farm income is near minimum levels that could be expected.
- The Talmadge bill S.275 with market price supports at the minimum has the highest farm income and highest direct payments. This is the high government cost option. Food costs are low.
- The Talmadge bill with higher feed grain loan levels has slightly lower income. The decrease in payments is not fully offset by higher returns from the market. CCC loan activity is greater, the result of higher loan rates. This is the high food cost option, and government costs are still quite high.
- The USDA option is near mid-range of the alternatives on farm income. Consumer food costs are near the lowest options. Payments reflect moderate loans and income supports.
- The OMB staff option has lowest payments reflecting the express objective of minimizing budget outlays. Farm income is low reflecting low payments but all other costs (loan activity primarily) are near other options. Food costs are low.
- The 1973 Act continuation has market supports at 1976 crop levels. Loan costs would be near levels of the other options (except S.275 B). This is the low income option. Payments keep farm income from declining further. Food costs are low.

OPTION: USDA

- Wheat loan maintained at \$2.25 (present level). Corn and other feed grain loans equivalent to wheat on a tonnage basis, so that wheat can compete in animal feed rations when grain supplies are in excess supply.
- Soybean loan set in relation to corn at discretion of the Secretary.
- Income support rates (ISR) equal to direct cost of production (variable, machinery ownership, and overhead) plus management, plus land charged at 3 percent of current land price.
- Proviso: If market prices drop to within 5 percent of the loan level, the Secretary may reduce the loan by 10 percent in the subsequent year (one time only). The loan rate may be restored to at least its original level if market prices exceed the original loan rate by a specified percentage in a subsequent year.

Summary of Projected Government Costs, Farm Income, and Food Expenditures

(Favorable weather)

	: 1978	: 1979	: 1980	: 1981	: 1982
	: - - - - -	: - - - - -	: - - - - -	: - - - - -	: - - - - -
	Billion dollars				
<u>Government costs 1/</u>	:	:	:	:	:
Income support payments:	1.121	1.651	1.112	1.746	2.282
Other costs	2.361	.881	+ .063	1.249	+ .116
Total	3.482	2.532	1.049	2.995	2.166
<u>Farm income</u>	:	:	:	:	:
Nominal	20.1	22.0	21.7	22.4	23.2
Real	12.6	13.1	12.3	12.1	11.9
<u>Food expenditures 2/</u>	:	:	:	:	:
Total (current dollars):	181.1	193.2	203.2	210.9	222.3
Farm value	56.6	60.6	63.1	63.2	65.5
Marketing bill	124.5	132.6	140.1	147.7	156.8

1/ Other costs include disaster, set-aside, and grain storage payments, and CCC loan and inventory costs.

2/ Food expenditures for U.S. produced foods (USDA series).

- This option incorporates features to protect farm income in favorable weather years and avoid buildup of surpluses, yet provides for a buffer against sharp increases in food costs.
- A producer-held grain reserve is accumulated when supplies are large. Cropland is set-aside after reserves are accumulated but before total stocks become burdensome.

- Price support loans are at levels that will keep our grain competitive in, U.S. and export markets, reduce the swings in meat supplies and prices, and cushion the decline in export earnings.
- Farmers still rely largely on market price signals for production and marketing decisions. Crop producer income is supported on a comparable basis either through the market or via a payment in a manner that keeps government costs below previous options.
- Farm product price and food cost stability is enhanced through flexibility of reserve, set-aside, and loan rates with minimal market interference.

Summary of Projected Government Costs, Farm Income, and Food Expenditures

(Variable weather)

	: 1978	: 1979	: 1980	: 1981	: 1982
	- - - - - Billion dollars - - - - -				
<u>Government costs 1/</u>					
Income support payments:	.590	1.077	.090	.069	.230
Other costs	1.941	.709	+1.680	.141	.440
Total	2.513	1.786	+1.590	.210	.670
<u>Farm Income</u>					
Nominal	20.8	24.2	22.4	24.8	30.2
Real	13.1	14.4	12.7	13.4	15.5
<u>Food expenditures 2/</u>					
Total (Current dollars):	181.1	193.4	203.2	217.0	231.2
Farm value	56.6	60.8	63.1	69.3	74.4
Marketing bill	124.5	132.6	140.1	147.7	156.7

1/ Other costs include disaster, set-aside, and grain storage payments, and CCC loan and inventory costs.

2/ Food expenditures for U.S. produced foods (USDA series).

- Variable weather best illustrates the use of grain reserves. Non-payment costs, primarily for CCC loans, rise in favorable weather years when establishing a reserve, and, fall in bad weather with receipts from loan redemptions as the reserve is released.
- Payments are negligible in years of unfavorable weather as prices increase significantly, reflecting reduced production. Farm income rises. Food expenditures also reflect the weather pattern, increasing in unfavorable weather years but rising at rates significantly less than when buffer reserves are absent.

BERLAND MEMO
MARCH 11



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

MAR 11 1977

MEMORANDUM FOR: The President
The White House

SUBJECT: Food and Agriculture Legislative Proposals

This memo contains a general outline of our food and agriculture legislative proposals. The Economic Policy Group has not yet agreed to them.

Background

The authorities for the major farm programs, food stamps and foreign food assistance expire this year. I am now scheduled to testify before the Senate and House Agriculture Committees on March 23 and 24, respectively. We expect the Congress to pass legislation this session, with or without our assistance. I recommend, therefore, that we take the initiative on a Food and Agriculture Program for 1978-81, instead of react to the initiatives of the Congress.

Farm income currently is depressed due to low cattle prices and excess supplies of foodgrains and sugar. Food expenditures for U.S. farm produced foods increased 3.3 percent from 1975 to 1976, but the farm value of these foods declined 1.8 percent. Farm income this quarter is significantly below a year ago, by any measure.

Weather is the key to the outcome for 1977, and subsequent years. Favorable world weather patterns means further deterioration in farm income, and slow growth in food prices. Adverse weather patterns means higher farm income, and faster growth in food prices. We need policies and programs that protect us from either eventuality.

Our objective is to obtain legislation that will protect those who produce our food and fiber and those who consume our farm products from natural or economic disasters.

These are the proposals designed to achieve our objective:

Food Reserves -- Some of the excessive 1976 wheat and rice crops would be placed in a farmer-owned food grain reserve beginning this spring, using existing authorities. There would be incentives to hold grain off the market until prices reach a specified level, and to sell when

prices reach a higher level. The size of the farmer-owned reserve would be limited pending the outcome of international reserve negotiations. (Senator Humphrey proposes a small Government-owned reserve to insure international food aid commitments which we may want to support.)

Disaster Protection -- I propose a one-year extension of current authorities with modifications to improve effectiveness and remove inequities, pending the results of a more detailed assessment. Authority to permit Secretarial designation for the emergency feed program is proposed.

Price Support -- To protect farm prices I propose that a floor be placed under market prices for the grains, soybeans and cotton, as shown in the USDA Proposal Column of Table 1 (Market Price Supports).

Farm Income Support -- To protect farm income, I propose an income support level for the major crops as shown in the USDA Proposal Column of Table 2 (Income Supports). Changes in the income support level in years subsequent to 1978 are proposed to be geared to changes in yields and direct costs only. A proportion of planted acreage would be used to distribute income support payments. The per unit payment would represent the difference between the actual price received by farmers and the income support level. Authority to set aside acreage if supplies are excessive is proposed to be included.

Total costs of the above proposals, assuming weather patterns similar to that of the last 5 years, would average about \$720 million a year. With favorable weather, costs would average about \$2.445 billion a year.

A legislative proposal for peanuts is being developed by Bobby Smith along the lines of the Bill introduced last year by Congressman Mathis.

Foreign Food Assistance -- I propose we continue to reserve 75 percent of our food assistance for the poorest countries but allow for inflation in the eligibility criteria, and to allow for additional volume during periods of tight food supplies to meet multi-year and natural disaster needs.

Food Stamp Program -- Eligibility requirements on recipients above the poverty line would be tightened. The food stamp purchase requirement would be eliminated to improve access to food for those in need. We propose that benefits under the program be subject to a later accounting with IRS. No added costs, as the provisions balance each other out.

BOB BERGLAND
Secretary

Attachment

Table 1.--Market Price Supports 1/

Commodity	1976 actual	-----1978 proposals-----			
		1973 Act	USDA Proposal	Talmadge S.275 Bill	Vetoed 1975 Bill
Wheat.....	2.25	2.25	2.25	2.18	3.07
Corn.....	1.50	1.50	2.10	1.71	2.18
Soybeans.....	2.50	2.50	4.50	4.02	3.64
Cotton.....	.37	.41	.489	.383	.486
Rice.....	6.19	6.19	6.19	---	---

1/ Minimum levels.

2.18 → 2.25
 ↑
 wheat - 2.20
 direct cost
 17¢ impmt free
 land - 50¢
 \$14.00/acre

Table 2.--Income Supports

Commodity	1976 actual	-----1978 proposals-----			
		1973 Act	USDA Proposal	Talmadge S.275 Bill	Vetoed 1975 Bill
Wheat.....	2.29	2.51 +10%	2.86 2.60	2.91	3.81
Corn.....	1.57	1.75 +10%	2.00	2.28	2.62
Soybeans.....	---	---	---	---	---
Cotton.....	.43	.49 +20%	.533	.511	.584
Rice.....	8.25	8.52 +30%	7.59 7.10	---	---

93¢

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN.

*Have worked out
with Bergland
I believe -
JC*

ACTION

19 March 1977

TO:

THE PRESIDENT

FROM:

RICK HUTCHESON *Rid*

SUBJECT:

Views on Administration
Agriculture Policy

Attached are the various views of your advisors on Administration agriculture policy. Secretary Bergland is scheduled to testify next Wednesday, March 23. As your advisors disagree on some key issues, your decisions are needed in the near future.

Your advisors recommend that you meet with them on these matters. Tim Kraft advises that you are heavily scheduled for both Monday and Tuesday. If you wish to have a meeting on agriculture policy, there is time available as follows:

Monday 3:00-7:30 PM
Tuesday 4:00-5:45 PM

Attachments:

1. Eizenstat summary of the issues
2. Vice President's summary, and his views
3. Blumenthal memorandum reporting the results of EPG meeting
4. March 18 memo from Secretary Bergland (after EPG meeting)
5. original March 11 memo from Secretary Bergland (before EPG meeting)

THE WHITE HOUSE

WASHINGTON

March 19, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
LYNN DAFT *lyn*

SUBJECT: Food and Agricultural Policy

Attached are two memoranda regarding legislative proposals for food and agricultural policy:

- (1) A memorandum from Secretary Blumenthal, as Chairman of the EPG, outlining unresolved issues on the topic; and
- (2) A memorandum from Secretary Bergland describing his proposal and why he favors it over the other options.

The general approach being proposed here, regardless of the unresolved issues, is consistent with your agricultural policy promises. Namely,

- Alignment of income supports with cost-of-production (recognizing that cost-of-production can be defined in several ways).
- Price stabilization on both the up-side and the down-side.
- Formation of a largely farmer-held grain reserve.
- Maintain U. S. competitiveness in the world market.

Other desirable features are that it:

- Provides income support through direct government payments rather than through food price inflation.
- Minimizes government interference in farmer decision-making and market price determination, as a result of direct payment approach.

- Realigns the levels of price support among grains so their competitive use relationships are not distorted (as they are at present).
- Introduces flexibility in the setting of loan rates to provide for downward adjustments if excessive production signals they are set too high.

Despite these positive features, some important questions remain unresolved:

- (1) The level at which income supports are to be set. Treasury, OMB, and CEA feel they should be set lower than USDA suggests. This would reduce farm income protection as it reduces Federal budget exposure. Though it is possible the USDA has underestimated budget costs, we doubt that lower supports would be acceptable on the Hill and therefore recommend that you adopt the USDA proposal. |
- (2) Adjustments in the level of income support. The USDA proposal provides for downward adjustments in loan rates under conditions of excessive supply but does not provide for such adjustment for income supports. CEA, OMB and Treasury recommend that there be provisions to adjust these supports downward to help avoid large budget costs. We are sympathetic with the aim of increased flexibility this option affords. Nonetheless, we recommend against this proposal on grounds that it could seriously undercut Congressional support.
- (3) Duration of the PL 480 authorization: One year or Four years? USDA, NSC, State, and AID recommend four years. OMB, CEA, and Treasury recommend one year on grounds that PL 480 should be reviewed in the context of an overall review of U. S. foreign assistance programs. We recommend four years, plus your endorsement of a thorough reassessment of this and other foreign assistance programs. |

no downward adjustment?

PL 480-4 yrs

The Congress has several farm bill proposals under consideration, the most important of which is that offered by Senator Talmadge. These proposals are substantially more expensive than that proposed by the USDA. If the Administration proposal lacks credibility, there is a real danger that the Congress will ignore it and adopt one of its own high-cost options.

The Blumenthal memorandum recommends that you meet with the principal people concerned with this issue (the Vice President, Blumenthal, Bergland, Schultze, and Lance) to discuss the options prior to Wednesday, March 23rd (when Secretary Bergland testifies before the Senate Agriculture Committee). Given the importance and complexity of this issue, we concur in this recommendation.

DECISION

✓ Agree

 Disagree

You will note that the Vice President's comments are largely in agreement with ours.



OFFICE OF THE VICE PRESIDENT
WASHINGTON

March 19, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: THE VICE PRESIDENT

SUBJECT: FOOD AND AGRICULTURAL POLICY DECISION PAPER

I would like to recommend that you approve the USDA farm policy proposal. Among the options presented, I believe it is the only one that makes sense from both a practical economic and a political point of view.

TALMADGE BILL

Senator Talmadge has proposed a major five-year farm bill, involving roughly twice the budget exposure of that suggested by USDA. The Talmadge proposal is less generous in major respects than the Emergency Farm Act passed by the Congress but vetoed by President Ford in 1975. It is, in my judgment, a serious proposal and one which we must respond to in an effective way -- or face the threat that the Congress will send us a much more expensive measure than we would prefer.

OMB PROPOSAL

The OMB proposed alternative in my opinion does not represent an effective response to the Talmadge proposal. Congress is almost certain to disregard it, and I see no point in our being placed in the position of alienating the farm community to make a budget point on which we will lose. I believe that the Bergland proposal stands a good chance of adoption, would thus give us a greater chance of minimizing budget costs associated with the Talmadge alterantive, and would give your Administration the opportunity to take credit for the final measure that is approved.

CEA VARIANT

CEA has proposed a variant of the Bergland proposal. This proposal would require the Secretary of Agriculture to lower income guarantees to farmers if commodity prices are depressed for a prolonged period of time. I have strong objections to this proposal. It would in effect tell farmers

that at the time they need income protection the most, we intend to reduce our commitments to them. I seriously doubt that the Congress would buy such a concept. Moreover, even if it were adopted, the time frame in which this authority would most likely be used is the period 1979-80 -- just as we are nearing the next election. If the returns to farmers in that period are persistently falling far beneath the cost of production, I see no way we could then lower the level of federal income support. Whether or not the CEA proposal were approved by Congress, and whether or not the option of lowering income supports were ever then exercised, the Republicans in 1980 would never let us forget that we had proposed this system of phantom assistance to the farmer.

BERGLAND PROPOSAL

During the campaign, we proposed a farm program based on production costs. Bob Bergland has estimated those production costs conservatively, by providing only a fractional allowance for land. It is vital in my view that we preserve the Administration's credibility with the Congress and with the farm community by coming forward with a proposal that is judged reasonable and consistent with our commitments, even if it is a good deal less generous than the one offered by Talmadge. To do less in my judgment would pose a serious risk that we will lose control of the process, and be faced with the option of vetoing or having to accept a very expensive bill.



PRIORITY

OFFICE OF THE SECRETARY OF THE TREASURY
WASHINGTON, D.C. 20220

March 18, 1977

MEMORANDUM FOR: THE PRESIDENT

From:

W. Michael Blumenthal *WMB*
Chairman, Economic Policy Group

Subject:

Food and Agricultural Policy

Issue

Legislative proposals for food and agricultural policies were reviewed by the Economic Policy Group in preparation for Secretary Bergland's testimony before the House and Senate Agricultural Committees on March 23 and 24. The EPG at Cabinet level reviewed the main policy issues on March 16, and two issues were identified where agency views differ and a decision by you will be necessary before the March 23 testimony.

The two issues are: 1) The levels, including budgetary implications, for farm income and price supports; and 2) The duration of PL 480 authorization (one vs. four years).

Setting/Background

Authority for the major farm and foreign food assistance programs expires this year. Senators Talmadge and Dole introduced a bill (S.275) for a new five-year program, which entails estimated annual budget outlays of \$4.7 billion under favorable weather conditions. The House and others in Congress are awaiting Administration guidance and we have been preparing a package covering four years, with comparable budget implications ranging from \$1.2 to \$2.4 billion, to be unveiled next week by Secretary Bergland.

Farm income is currently depressed due to the rapid rise in production costs, low cattle prices and excess supplies of food grains and sugar. Farmers' net incomes in the closing months of 1976 were more than a fifth below those in the last half of 1975, and a third below the 1973-74 average. The outlook is tenuous. Much depends on future

weather conditions. Agricultural interests are worried about large supplies, rising grain surpluses and further price declines.

During the campaign, you pledged to guarantee farm income equal to cost of production, but there is some flexibility in the way costs of production are defined. The Talmadge bill would include almost all costs. Alternative proposals considered by the EPG would define costs more narrowly. This distinction would mean a difference between \$2.91 (Talmadge) and \$2.86 (EPG) per bushel of wheat at the outset, and a widening gap over time.

only 5¢ difference?

Procedure

The following issues have important political as well as budget implications. You may therefore wish to discuss this matter with the principal people concerned (the Vice President, Bob Bergland, Charlie Schultze, Bert Lance and myself), or you can make decisions based on this memo.

Recommendation: That you hold such a meeting before March 23 to discuss the agricultural proposals.

Approve _____

Disapprove _____

Decision Issue 1: Farm Income and Price Supports

The USDA has developed proposals that combine price and income supports over the coming four years. There would be some flexibility in the implementation of price support levels but income support would be administered under an automatic formula of essentially full production costs at the outset, adjustable for changes in direct cost over time.

OMB developed alternative proposals with lower support prices. The following table compares these various proposals with the Talmadge bill with respect to net farm income, consumer food costs and budget outlays.

FARM PROGRAM PROPOSALS AND OPTIONS

Comparison of Program Options (Favorable Weather*)

(Values shown are average of 1978-1981)

Options	Net farm income		Consumer food costs total	Estimated costs to Government		
	Nominal	Real		Payments	Other costs	Total outlays
----- Billions of dollars -----						
<u>Falmadge (S.275)</u>						
A. Minimum Price Support	23.9	13.6	201.5	3.876	.828	4.704
B. Higher Price Support**	23.5	13.3	204.1	2.176	1.175	3.351 <
<u>USDA</u>	21.9	12.4	202.1	1.582	.862	2.445
<u>OMB</u> Low Support	20.3	11.5	201.7	.331	.850	1.181
Revised	20.6	11.7	201.7	.638	.862	1.500

*Normal weather conditions would result in lower budget costs.

**Feed grains and cotton only.

During the course of the EPG discussion, two variations of the USDA proposals emerged, differing in the method of income support implementation:

- (1) USDA proposed that the basic formula (full cost of production at the outset, variable costs thereafter) be implemented without exception or modification during the four-year period. Arguments in support are:

--It would apply for the first time a uniform standard of income support to all major crops.

--Uncertainty over future income support levels would create Congressional pressure for higher price support levels, particularly wheat and rice.

--It is the minimum politically acceptable response to the farm community's perception of the campaign pledge; the alternative could be the higher cost Talmadge bill.

- (2) The CEA proposed that when significant income payments have been made for a crop or crops and prospective market conditions indicate continued payments, income support prices should be adjusted gradually toward (but not below) the direct cost of production. Arguments in support are:

--In the quite likely event that prices fall near price support levels but below income support levels, an inflexible approach would lead to inefficient use of resources and increased budget costs.

--A uniform formula applied over time may have uneven impact on farmers if the initial cost calculations are inaccurate, and would primarily benefit large commercial operators.

--Taxpayers can accept payments to farmers on a short-term basis when market prices plunge unexpectedly, but not year-in, year-out payments.

It is not possible to put a precise budget figure on the difference between the two variants, but the second could clearly set limits on such outlays.

Treasury and OMB would be willing to support the CEA variant above, but OMB also thinks you should give consideration to its own revised proposals based on lower support prices (with estimated budgetary outlay of \$1.5 billion compared with \$2.4 billion in the USDA proposal). Income support levels by crop for the various options are attached.

Decision:

USDA proposal (\$2.4 billion budget estimate) _____ Approve

CEA variant of USDA proposal with greater flexibility for income support _____ Approve

OMB alternative (\$1.5 billion budget estimate) _____ Approve

Decision Issue 2: Duration of PL 480 Authorization

There is a difference of view as to the duration of proposed authorization for foreign food assistance programs under PL 480. This program has budgeted at about \$1 billion annually in recent years.

State, USDA, NSC and AID argue for a four-year authorization along with the rest of the agriculture program on grounds that:

--It would permit gearing food aid programming in a more responsive manner to short and longer term development needs.

--It would enable the U.S. to meet the food aid goals laid down at the World Food Conference.

--It would contribute to U.S. strategy in the North/South dialogue by indicating a substantial food aid commitment beyond this year.

OMB, CEA and Treasury argue for PL 480 authorization limited to one year on grounds that:

--There is a need for basic review of PL 480 policies to see how effective the program is and this cannot be done in time for this year's Congressional presentation.

--While there is some connection in practice between PL 480 programs and other elements of the farm program, it is not an integral part and can be separated out.

Decision:

Four-year PL 480 authorization
(State, USDA, NSC, AID)

_____ Approve

One-year PL 480 authorization
(OMB, CEA, Treasury)

_____ Approve

INCOME SUPPORT RATES
Under alternative proposals

<u>Item</u>	<u>Unit</u>	<u>Talmadge bill</u>	<u>USDA Proposal</u>	<u>Revised OMB Alternative</u>
----- Dollars -----				
Wheat	bu.	2.91	2.86 ?	2.69
Corn	bu.	2.28	2.00	1.86
Grain sorghum	bu.	2.17	2.18	1.86
Barley	bu.	1.86	2.29	1.60
Oats	bu.	--	1.55	1.07
Cotton	pound	.511	.533	.533
Rice	cwt.	8.52	7.59 ?	7.59



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

March 18, 1977

MEMORANDUM FOR: The President
The White House

SUBJECT: Our Food and Agriculture Program for the
First Term

This is a supplement to my memorandum of March 11 on food and agriculture legislative proposals for 1978-81. These proposals, and options, were reviewed by the Economic Policy Group on March 16.

The Economic Policy Group endorsed my proposals with one major and one minor exception. Some principals favor a reduction in income payments to crop producers when supplies are excessive. I must oppose this both on economic and political grounds. When supplies are excessive, crop prices and returns are depressed -- precisely at the time when income protection is needed the most.

Some principals also favor only a one-year extension in our foreign food assistance (P.L. 480) authority, pending a detailed assessment. I favor such a review but a four-year extension of our authority is needed to provide our share of the world food aid requirement during 1978-81.

Mr. Blumenthal is sending you a memo on these unresolved issues.

I am scheduled to present our food and agricultural policies to the Congress on March 22, 23, 24 and 25.

Food and Agriculture Policies and Programs

There has been great volatility in world food and agriculture in recent years in large part due to variable weather patterns. Weather shocks to the world food and agriculture system have a direct impact on our food and agriculture sector. Variability in the price received by our farmers for wheat, caused by world events, is demonstrated in the following:

Season Average Prices Received by U. S. Farmers

<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>	<u>1975-76</u>	<u>Feb. 1977</u>
-----Dollars Per Bushel-----					
1.34	1.76	3.95	4.09	3.55	2.44

2.86 L
2.60

In February 1974 our farmers received \$5.52 a bushel; this February \$2.44 a bushel for wheat.

In general, adverse weather means:

- * high crop prices and returns to crop producers;
- * high feed costs and low returns to livestock producers;
- * large agricultural export earnings;
- * low budget outlays for farm programs;
- * and rapid increases in food prices and expenditures.

In short, crop producers and taxpayers benefit from bad weather; livestock producers and consumers are the main losers. Favorable weather has consequences that are the mirror image of those associated with adverse weather. Recent year results are:

	1971	1972	1973	1974	1975	1976	Prelim. 1977
	----- Billion Dollars -----						
Net Farm Income	13.2	17.8	29.9	27.8	22.7	23.3	19.5
1972 Dollars	13.8	17.8	27.7	22.6	16.8	16.3	12.9
Food Expenditures (Farm Produced)	110.7	117.8	135.2	149.3	159.0	164.2	170.9
1972 Dollars	116.2	117.8	115.3	111.9	111.1	113.6	115.3
Net Agriculture Trade Balance <u>1/</u>	1.93	2.00	5.58	11.74	12.00	12.04	9.8
Budget Outlays <u>1/</u>	2.9	4.1	3.6	1.1	0.6	1.1	1.9

1/ Fiscal years ending June 30 and September 30 beginning in 1977.

Farm income peaked in 1973; at present it is running at an annual rate of \$19-\$21 billion, which in 1972 dollars is below 1971 and all other recent years. Food expenditures increased over \$30 billion from 1972 to 1974, while budget outlays decreased from \$4.1 billion in FY 1972 to \$1.1 billion in FY 1974.

Extreme variations in farm and food prices are not good either for producers or consumers. The way to protect consumers from extreme increases in food prices is full production agriculture, until reserves and other stocks are large enough to insure both our domestic requirements and our foreign commitments can be met. But if we ask our farmers to produce enough to prevent rapid food price inflation, then it is only right to insure them that they will receive a fair return for what they produce.

Farm Program Proposals

The farm program proposals and options considered at the March 16 meeting of the EPG are summarized in Attachment A. My proposal is presented in Attachment B.

I propose that we adopt the concept of cost of production to establish income support levels, and that we define cost of production for this purpose to include variable, machinery, and overhead costs, a return to management, and a return to land equivalent to 3 percent of current land prices. The income support level for wheat and corn would be around \$2.85 and \$2.00 a bushel, respectively, with other crops at comparable levels.

This is not full cost of production -- if it were the return to land would be close to 9 percent. But a standard for income support payments higher than I propose would continue to escalate land prices and eventually change the structure of farming. A lower standard for income support payments would mean very low producer returns if weather were favorable. The income support levels I propose are, I believe, minimal levels. Any option with lower initial price and income support levels than I propose should not, in my view, be taken to the Congress.

You will receive a proposal that originated in the Council of Economic Advisers that would require me to reduce income supports in any year following one in which supplies and support payments were large. I propose to avoid such a situation by having a proviso in the legislation that will require a reduction in the price support levels in excess supply situations, but not in income supports. A reduction in market supports will encourage increased utilization of the commodities in excess supply.

There is the possibility that we will have a string of favorable weather years. If so, the CEA proposal would require that I reduce the income support levels when supplies are excessive and prices depressed. This is precisely the time income protection is needed by the producer and such a policy would, in my view, be politically disastrous.

Besides, under my proposal the income support payment is reduced the year following one when production is in excess of needs. Payments are only made on the number of acres that will produce requirements plus or minus stock changes, not total planted acreage. This is the proper way to protect against large payments. The per unit payment is the difference between the income support price and the actual market price.

I want us to adopt a policy that provides the same degree of income protection to all crop producers. Farm programs of the past have not done so -- producers of some crops have been given a better break under Government programs than others. I am not in favor of that form of discrimination, and therefore propose to apply the cost of production standard to all the major crops. The CEA proposal would require me to deviate from this principle.

I propose that we separate our commitments on supporting income from our commitments on supporting market prices. If the proposal put forward by the Council of Economic Advisers were adopted by the Administration, the Congress would likely counteract this by a program that provides farm income protection through high price support levels both for wheat and corn, without or with only minimal income support payment exposure. They are inclined to move in this direction anyway. Producer groups fear that the government will not continue to support the income of producers through payments, or that it will continue to limit program payments.

Acceptance of the CEA proposal would encourage wheat producer groups to push hard for a high price support program.

I have proposed that market price support not be tied to the cost of production. According to our standard the income support level for wheat will be about \$2.85 and corn about \$2.00 a bushel. Wheat market price supports at \$2.85 a bushel would make it very difficult for us to compete in world markets, and wheat would not be able to compete in livestock feed markets.

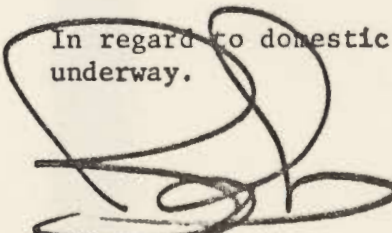
A high support price on wheat would encourage wheat producers to produce wheat instead of another grain (or crop), and wheat would not be able to compete in markets other than for foodgrains. This means that sooner or later we would have to go back to rigid acreage allotments and farmers would no longer be able to plant as they desire. This would be a long step backward in farm programs.

Food Policies

A farmer owned reserve is proposed that encourages farmers to place 1976 crop wheat and rice into the reserve. This can be done under current authorities. A 300 million bushel maximum on wheat is currently proposed pending the outcome of international reserve negotiations. Senator Humphrey also has proposed a small government owned reserve to insure international food aid commitments. We may want to support that proposal.

Our proposal also calls for an extension of foreign food aid assistance under P.L. 480. The extension includes several amendments to the current P.L. 480 authorization aimed at removing some of the inequities that have crept into the legislation. We plan to continue to program about 75 percent of our food assistance to the poorest countries. However, we are raising the cut-off from the present \$300 per capita level to \$520 per person. Other changes include authority to use up to 5 percent of the value of Title I sales to finance construction of storage, distribution and other facilities abroad.

In regard to domestic food assistance, an interagency discussion is still underway.



BOB BERGLAND
Secretary

Attachment A

FARM PROGRAM PROPOSALS AND OPTIONS

Comparison of Program Options (Favorable Weather)

(Values shown are average of 1978-1981)

Options	Net farm income		Consumer food costs total	Estimated costs to Government		
	Nominal	Real		Payments	Other costs	Total outlays
	----- Billions of dollars -----					
<u>Talmadge (S.275)</u>						
A. Minimum Loans	23.9	13.6	201.5	3.876	.828	4.704
B. Higher Loans*	23.5	13.3	204.1	2.176	1.175	3.351
<u>USDA</u>	21.9	12.4	202.1	1.582	.862	2.445
<u>OMB</u>	20.3	11.5	201.7	.331	.850	1.181
<u>1973 Act Extension</u>	18.3	10.4	201.7	1.560	.740	2.290

*Feed grains and cotton only.

- Assumes very favorable weather over the period, thus costs shown are near maximum exposure and would not be expected to obtain. Farm income is near minimum levels that could be expected.
- The Talmadge bill S.275 with market price supports at the minimum has the highest farm income and highest direct payments. This is the high government cost option. Food costs are low.
- The Talmadge bill with higher feed grain loan levels has slightly lower income. The decrease in payments is not fully offset by higher returns from the market. CCC loan activity is greater, the result of higher loan rates. This is the high food cost option, and government costs are still quite high.
- The USDA option is near mid-range of the alternatives on farm income. Consumer food costs are near the lowest options. Payments reflect moderate loans and income supports.
- The OMB staff option has lowest payments reflecting the express objective of minimizing budget outlays. Farm income is low reflecting low payments but all other costs (loan activity primarily) are near other options. Food costs are low.
- The 1973 Act continuation has market supports at 1976 crop levels. Loan costs would be near levels of the other options (except S.275 B). This is the low income option. Payments keep farm income from declining further. Food costs are low.

OPTION: USDA

- Wheat loan maintained at \$2.25 (present level). Corn and other feed grain loans equivalent to wheat on a tonnage basis, so that wheat can compete in animal feed rations when grain supplies are in excess supply.
- Soybean loan set in relation to corn at discretion of the Secretary.
- Income support rates (ISR) equal to direct cost of production (variable, machinery ownership, and overhead) plus management, plus land charged at 3 percent of current land price.
- Proviso: If market prices drop to within 5 percent of the loan level, the Secretary may reduce the loan by 10 percent in the subsequent year (one time only). The loan rate may be restored to at least its original level if market prices exceed the original loan rate by a specified percentage in a subsequent year.

Summary of Projected Government Costs, Farm Income, and Food Expenditures

(Favorable weather)

	: 1978	: 1979	: 1980	: 1981	: 1982
	: - - - - -	: - - - - -	: - - - - -	: - - - - -	: - - - - -
	Billion dollars				
<u>Government costs 1/</u>	:	:	:	:	:
Income support payments:	1.121	1.651	1.112	1.746	2.282
Other costs	2.361	.881	+ .063	1.249	+ .116
Total	3.482	2.532	1.049	2.995	2.166
<u>Farm income</u>	:	:	:	:	:
Nominal	20.1	22.0	21.7	22.4	23.2
Real	12.6	13.1	12.3	12.1	11.9
<u>Food expenditures 2/</u>	:	:	:	:	:
Total (current dollars):	181.1	193.2	203.2	210.9	222.3
Farm value	56.6	60.6	63.1	63.2	65.5
Marketing bill	124.5	132.6	140.1	147.7	156.8

1/ Other costs include disaster, set-aside, and grain storage payments, and CCC loan and inventory costs.

2/ Food expenditures for U.S. produced foods (USDA series).

- This option incorporates features to protect farm income in favorable weather years and avoid buildup of surpluses, yet provides for a buffer against sharp increases in food costs.
- A producer-held grain reserve is accumulated when supplies are large. Cropland is set-aside after reserves are accumulated but before total stocks become burdensome.

- Price support loans are at levels that will keep our grain competitive in U.S. and export markets, reduce the swings in meat supplies and prices, and cushion the decline in export earnings.
- Farmers still rely largely on market price signals for production and marketing decisions. Crop producer income is supported on a comparable basis either through the market or via a payment in a manner that keeps government costs below previous options.
- Farm product price and food cost stability is enhanced through flexibility of reserve, set-aside, and loan rates with minimal market interference.

Summary of Projected Government Costs, Farm Income, and Food Expenditures

(Variable weather)

	1978	1979	1980	1981	1982
----- Billion dollars -----					
<u>Government costs 1/</u>					
Income support payments:	.590	1.077	.090	.069	.230
Other costs	<u>1.941</u>	<u>.709</u>	<u>+1.680</u>	<u>.141</u>	<u>.440</u>
Total	2.513	1.786	+1.590	.210	.670
<u>Farm Income</u>					
Nominal	20.8	24.2	22.4	24.8	30.2
Real	13.1	14.4	12.7	13.4	15.5
<u>Food expenditures 2/</u>					
Total (Current dollars):	181.1	193.4	203.2	217.0	231.2
Farm value	56.6	60.8	63.1	69.3	74.4
Marketing bill	124.5	132.6	140.1	147.7	156.7

1/ Other costs include disaster, set-aside, and grain storage payments, and CCC loan and inventory costs.

2/ Food expenditures for U.S. produced foods (USDA series).

- Variable weather best illustrates the use of grain reserves. Non-payment costs, primarily for CCC loans, rise in favorable weather years when establishing a reserve, and, fall in bad weather with receipts from loan redemptions as the reserve is released.
- Payments are negligible in years of unfavorable weather as prices increase significantly, reflecting reduced production. Farm income rises. Food expenditures also reflect the weather pattern, increasing in unfavorable weather years but rising at rates significantly less than when buffer reserves are absent.



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

MAR 11 1977

MEMORANDUM FOR: The President
The White House

SUBJECT: Food and Agriculture Legislative Proposals

This memo contains a general outline of our food and agriculture legislative proposals. The Economic Policy Group has not yet agreed to them.

Background

The authorities for the major farm programs, food stamps and foreign food assistance expire this year. I am now scheduled to testify before the Senate and House Agriculture Committees on March 23 and 24, respectively. We expect the Congress to pass legislation this session, with or without our assistance. I recommend, therefore, that we take the initiative on a Food and Agriculture Program for 1978-81, instead of react to the initiatives of the Congress.

Farm income currently is depressed due to low cattle prices and excess supplies of foodgrains and sugar. Food expenditures for U.S. farm produced foods increased 3.3 percent from 1975 to 1976, but the farm value of these foods declined 1.8 percent. Farm income this quarter is significantly below a year ago, by any measure.

Weather is the key to the outcome for 1977, and subsequent years. Favorable world weather patterns means further deterioration in farm income, and slow growth in food prices. Adverse weather patterns means higher farm income, and faster growth in food prices. We need policies and programs that protect us from either eventuality.

Our objective is to obtain legislation that will protect those who produce our food and fiber and those who consume our farm products from natural or economic disasters.

These are the proposals designed to achieve our objective:

Food Reserves -- Some of the excessive 1976 wheat and rice crops would be placed in a farmer-owned food grain reserve beginning this spring, using existing authorities. There would be incentives to hold grain off the market until prices reach a specified level, and to sell when

prices reach a higher level. The size of the farmer-owned reserve would be limited pending the outcome of international reserve negotiations. (Senator Humphrey proposes a small Government-owned reserve to insure international food aid commitments which we may want to support.)

Disaster Protection -- I propose a one-year extension of current authorities with modifications to improve effectiveness and remove inequities, pending the results of a more detailed assessment. Authority to permit Secretarial designation for the emergency feed program is proposed.

Price Support -- To protect farm prices I propose that a floor be placed under market prices for the grains, soybeans and cotton, as shown in the USDA Proposal Column of Table 1 (Market Price Supports).

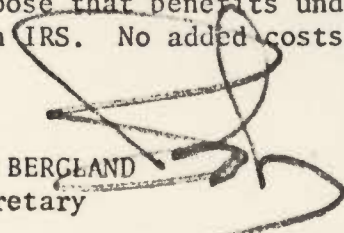
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Total costs of the above proposals, assuming weather patterns similar to that of the last 5 years, would average about \$720 million a year. With favorable weather, costs would average about \$2.445 billion a year.

A legislative proposal for peanuts is being developed by Bobby Smith along the lines of the Bill introduced last year by Congressman Mathis.

Foreign Food Assistance -- I propose we continue to reserve 75 percent of our food assistance for the poorest countries but allow for inflation in the eligibility criteria, and to allow for additional volume during periods of tight food supplies to meet multi-year and natural disaster needs.

Food Stamp Program -- Eligibility requirements on recipients above the poverty line would be tightened. The food stamp purchase requirement would be eliminated to improve access to food for those in need. We propose that benefits under the program be subject to a later accounting with IRS. No added costs, as the provisions balance each other out.



BOB BERGLAND
Secretary

Attachment

Table 1.--Market Price Supports 1/

Commodity	1976 actual	-----1978 proposals-----			
		1973 Act	USDA Proposal	Talmadge S.275 Bill	Vetoed 1975 Bill
Wheat.....	2.25	2.25	2.25	2.18	3.07
Corn.....	1.50	1.50	2.10	1.71	2.18
Soybeans.....	2.50	2.50	4.50	4.02	3.64
Cotton.....	.37	.41	.489	.383	.486
Rice.....	6.19	6.19	6.19	---	---

1/ Minimum levels.

218 → 225
 ↑
 wheat - 220
 direct cost
 17¢ mgmt fee
 land - 50¢
 \$140/acre

Table 2.--Income Supports

Commodity	1976 actual	-----1978 proposals-----			
		1973 Act	USDA Proposal	Talmadge S.275 Bill	Vetoed 1975 Bill
Wheat.....	2.29	2.51 ^{+10%}	2.86 ^{20%}	2.91	3.81
Corn.....	1.57	1.75 ^{+13%}	2.00	2.28	2.62
Soybeans.....	---	---	---	---	---
Cotton.....	.43	.49 ^{+20%}	.533	.511	.584
Rice.....	8.25	8.52 ^{+30%}	7.59 ^{71%}	---	---

93¢

THE WHITE HOUSE
SIGNATURE MUST BE SECURED

TO:

DATE..3/22/77....

The Honorable Bob S. Bergland
Secretary of Agriculture
Washington, D.C. 20250

NUMBER 003836.....

TIME REC'D 4:35.....

RECEIVED BY *L. Ruggan*.....

DELIVERED BY *H. H. H.*.....

RETURN RECEIPT ROOM 54 IN C.E.O.B.
RICK HUTCHESON

THE WHITE HOUSE
WASHINGTON

Date: March 12, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Frank Moore
Jack Watson
Charles Schultze

FOR INFORMATION:

The Vice President
Hamilton Jordan
Bob Lipshutz
Bert Lance

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Letter to the President from Sec. of Agriculture
3/11/77 re Food and Agriculture Legislative
Proposals.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 1:00 P.M.

DAY: Tuesday

DATE: March 15, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

*Hold for Stu
comment*

*Hold until
EPG considers
spe attached
SE comments*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE
WASHINGTON

ACTION	FYI	
	X	MONDALE
		COSTANZA
X		EIZENSTAT
	X	JORDAN
	X	LIPSHUTZ
X		MOORE
		POWELL
X		WATSON

X	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ENROLLED BILL
	AGENCY BILL
	Staffing comments should go to Bert Carp within 48 hours; due from Carp to Staff Secretary next day.

	CAB DECISION
	EXECUTIVE ORDER
	Staffing comments should go to Doug Huron within 48 hours; due from Huron to Staff Secretary next day.

ACTION	FYI	
		ARAGON
		BOURNE
		BRZEZINSKI
		BUTLER
		CARP
		H. CARTER
		CLOUGH
		FALLOWS
		FIRST LADY
		GAMMILL
		HARDEN
		HOYT
		HUTCHESON
		JAGODA
		KING
		KRAFT
	X	LANCE
		LINDER
		MITCHELL
		POSTON
		PRESS
		B. RAINWATER
		SCHLESINGER
		SCHNEIDERS
X	X	SCHULTZE
		SIEGEL
		SMITH
		WELLS
		VOORDE

THE WHITE HOUSE

WASHINGTON

March 15, 1977

MEMORANDUM FOR :

THE PRESIDENT

FROM:

STU EIZENSTAT

LYNN DAFT

*Schultze
concur's
w/ Stu*

Stu

Lynn

SUBJECT:

Secretary Bergland's Letter of 3/11/77
Concerning Food and Agriculture
Legislative Proposals

An EPG subcommittee chaired by Secretary Bergland will present the full EPG with an options paper tomorrow (3/16/77) that will include the USDA option described in the Secretary's memorandum. Other options will include the Talmadge Bill, extension of current authority, and a lower price and income support option. You will therefore be receiving a more detailed set of recommendations later this week. No Presidential action is recommended until after the EPG has considered the matter. The following is for your information.

One-Year Extension or Four-Year Bill?

There is general consensus that we should go for a 4-year bill. We concur.

The USDA Proposal

This proposal has several attractive features:

- ** Establishes groundrules for the operation of a modest grain reserve, largely farmer-held (to be accomplished with existing authority).
- ** Principal focus is on price stabilization, both upside and downside.
- ** Income support is provided through direct government payments, leaving the market free to function and avoiding above equilibrium market prices that would adversely impact exports and low income domestic consumers.
- ** Realigns the levels of price support among grains so as to encourage the substitution of wheat for feedgrains in a depressed market.

- ** Introduces flexibility in the setting of loan rates to provide for downward adjustments if excessive production signals they are set too high.
- ** Uses cost of production (loosely determined) rather than parity to determine the level of income support.

Unresolved Issues

The following issues remain unresolved and will be subject of discussion at tomorrow's EPG meeting:

- o Level of price/income support. The major tradeoff is between the level of farm income and budget cost. The USDA proposal is approximately midway between the Talmadge bill and the low budget option.
- o Distribution of benefits. Should the program be designed to avoid a concentration of benefits among the largest, highest income farmers?
- o Flexibility of target prices. Should provision be made for downward adjustments in target prices as well as support prices (loan levels), as a control on budget cost?
- o Control of stocks. Can price stabilization objectives be achieved when a large share of the reserve stocks are farmer-held? We think so but Secretary Marshall and Secretary Kreps have voiced reservations.

WASHINGTON

Date: March 12, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat ✓
Frank Moore
Jack Watson
Charles Schultze

FOR INFORMATION:

The Vice President
Hamilton Jordan
Bob Lipshutz
Bert Lance

#186

X (Bert Lance)
Lynn Datt

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Letter to the President from Sec. of Agriculture
3/11/77 re Food and Agriculture Legislative
Proposals.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 1:00 P.M.

DAY: Tuesday

DATE: March 15, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

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DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

MAR 11 1977

MEMORANDUM FOR: The President
The White House

SUBJECT: Food and Agriculture Legislative Proposals

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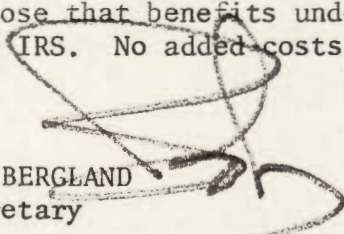
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BOB BERGLAND
Secretary

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1/ Minimum levels.

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Soybeans.....	---	---	---	---	---
Cotton.....	.43	.49	.533	.511	.584
Rice.....	8.25	8.52	7.59	---	---

MEMORANDUM

Date: March 12, 1977

FOR ACTION:

Stu Eizenstat
Frank Moore
Jack Watson
Charles Schultze

FOR INFORMATION:

The Vice President
Hamilton Jordan ✓
Bob Lipshutz
Bert Lance

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Letter to the President from Sec. of Agriculture
3/11/77 re Food and Agriculture Legislative
Proposals.

MARC

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 1:00 P.M.

DAY: Tuesday

DATE: March 15, 1977

ACTION REQUESTED:

☒ Your comments
Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

*Berglund's recommendations will be popular with farmers.
The Food Stamp reform is balanced, although a major restructuring of the
program should be contemplated at some point. Most interested in
consumer group reaction to price + income supports. Humphrey
proposal on reserves for international commitment should be endorsed
per human rights commitment.
Siegel.*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required
material, please telephone the Staff Secretary immediately. (Telephone, 7052)

logged 3/15
to CLS
PG

Date: March 12, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Frank Moore
Jack Watson
Charles Schultze ✓

FOR INFORMATION:

The Vice President
Hamilton Jordan
Bob Lipshutz
Bert Lance

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Letter to the President from Sec. of Agriculture
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TIME: 1:00 P.M.

DAY: Tuesday

DATE: March 15, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

RH - As per our phone conversation:
We concur with Stu Eizenstat's recommendation
on this.
Stu Eizenstat

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PRIORITY

*Mr. President:
Mike recommends
that you meet with Mondale,
Bergland, Schultz, Lauer & him -
before making that decision on this -
I agree with the group - proposal & would add
str to the group -*

March 18, 1977

*log in to
Pres
3/19/77*

MEMORANDUM FOR: THE PRESIDENT

From: W. Michael Blumenthal *WMTB*
Chairman, Economic Policy Group

Subject: Food and Agricultural Policy

Issue

Legislative proposals for food and agricultural policies were reviewed by the Economic Policy Group in preparation for Secretary Bergland's testimony before the House and Senate Agricultural Committees on March 23 and 24. The EPG at Cabinet level reviewed the main policy issues on March 16, and two issues were identified where agency views differ and a decision by you will be necessary before the March 23 testimony.

The two issues are: 1) The levels, including budgetary implications, for farm income and price supports; and 2) The duration of PL 480 authorization (one vs. four years).

Setting/Background

Authority for the major farm and foreign food assistance programs expires this year. Senators Talmadge and Dole introduced a bill (S.275) for a new five-year program, which entails estimated annual budget outlays of \$4.7 billion under favorable weather conditions. The House and others in Congress are awaiting Administration guidance and we have been preparing a package covering four years, with comparable budget implications ranging from \$1.2 to \$2.4 billion, to be unveiled next week by Secretary Bergland.

Farm income is currently depressed due to the rapid rise in production costs, low cattle prices and excess supplies of food grains and sugar. Farmers' net incomes in the closing months of 1976 were more than a fifth below those in the last half of 1975, and a third below the 1973-74 average. The outlook is tenuous. Much depends on future

weather conditions. Agricultural interests are worried about large supplies, rising grain surpluses and further price declines.

During the campaign, you pledged to guarantee farm income equal to cost of production, but there is some flexibility in the way costs of production are defined. The Talmadge bill would include almost all costs. Alternative proposals considered by the EPG would define costs more narrowly. This distinction would mean a difference between \$2.91 (Talmadge) and \$2.86 (EPG) per bushel of wheat at the outset, and a widening gap over time.

Procedure

The following issues have important political as well as budget implications. You may therefore wish to discuss this matter with the principal people concerned (the Vice President, Bob Bergland, Charlie Schultze, Bert Lance and myself), or you can make decisions based on this memo.

Recommendation: That you hold such a meeting before March 23 to discuss the agricultural proposals.

Approve _____

Disapprove _____

Decision Issue 1: Farm Income and Price Supports

The USDA has developed proposals that combine price and income supports over the coming four years. There would be some flexibility in the implementation of price support levels but income support would be administered under an automatic formula of essentially full production costs at the outset, adjustable for changes in direct cost over time.

OMB developed alternative proposals with lower support prices. The following table compares these various proposals with the Talmadge bill with respect to net farm income, consumer food costs and budget outlays.

FARM PROGRAM PROPOSALS AND OPTIONS

Comparison of Program Options (Favorable Weather*)

(Values shown are average of 1978-1981)

Options	Net farm income		Consumer food costs total	Estimated costs to Government		
	Nominal	Real		Payments	Other costs	Total outlays
----- Billions of dollars -----						
<u>Talmadge (S.275)</u>						
A. Minimum Price Support	23.9	13.6	201.5	3.876	.828	4.704
B. Higher Price Support**	23.5	13.3	204.1	2.176	1.175	3.351
<u>USDA</u>	21.9	12.4	202.1	1.582	.862	2.445
<u>OMB</u> Low Support	20.3	11.5	201.7	.331	.850	1.181
Revised	20.6	11.7	201.7	.638	.862	1.500

*Normal weather conditions would result in lower budget costs.

**Feed grains and cotton only.

During the course of the EPG discussion, two variations of the USDA proposals emerged, differing in the method of income support implementation:

- (1) USDA proposed that the basic formula (full cost of production at the outset, variable costs thereafter) be implemented without exception or modification during the four-year period. Arguments in support are:

- It would apply for the first time a uniform standard of income support to all major crops.

- Uncertainty over future income support levels would create Congressional pressure for higher price support levels, particularly wheat and rice.

- It is the minimum politically acceptable response to the farm community's perception of the campaign pledge; the alternative could be the higher cost Talmadge bill.

- (2) The CEA proposed that when significant income payments have been made for a crop or crops and prospective market conditions indicate continued payments, income support prices should be adjusted gradually toward (but not below) the direct cost of production. Arguments in support are:

- In the quite likely event that prices fall near price support levels but below income support levels, an inflexible approach would lead to inefficient use of resources and increased budget costs.

- A uniform formula applied over time may have uneven impact on farmers if the initial cost calculations are inaccurate, and would primarily benefit large commercial operators.

--Taxpayers can accept payments to farmers on a short-term basis when market prices plunge unexpectedly, but not year-in, year-out payments.

It is not possible to put a precise budget figure on the difference between the two variants, but the second could clearly set limits on such outlays.

Treasury and OMB would be willing to support the CEA variant above, but OMB also thinks you should give consideration to its own revised proposals based on lower support prices (with estimated budgetary outlay of \$1.5 billion compared with \$2.4 billion in the USDA proposal). Income support levels by crop for the various options are attached.

Decision:

USDA proposal (\$2.4 billion budget estimate) _____ Approve

CEA variant of USDA proposal with greater flexibility for income support _____ Approve

OMB alternative (\$1.5 billion budget estimate) _____ Approve

Decision Issue 2: Duration of PL 480 Authorization

There is a difference of view as to the duration of proposed authorization for foreign food assistance programs under PL 480. This program has budgeted at about \$1 billion annually in recent years.

State, USDA, NSC and AID argue for a four-year authorization along with the rest of the agriculture program on grounds that:

--It would permit gearing food aid programming in a more responsive manner to short and longer term development needs.

--It would enable the U.S. to meet the food aid goals laid down at the World Food Conference.

--It would contribute to U.S. strategy in the North/South dialogue by indicating a substantial food aid commitment beyond this year.

OMB, CEA and Treasury argue for PL 480 authorization limited to one year on grounds that:

- There is a need for basic review of PL 480 policies to see how effective the program is and this cannot be done in time for this year's Congressional presentation.
- While there is some connection in practice between PL 480 programs and other elements of the farm program, it is not an integral part and can be separated out.

Decision:

Four-year PL 480 authorization
(State, USDA, NSC, AID)

_____ Approve

One-year PL 480 authorization
(OMB, CEA, Treasury)

_____ Approve

INCOME SUPPORT RATES
Under alternative proposals

<u>Item</u>	<u>Unit</u>	<u>Talmadge</u> <u>bill</u>	<u>USDA</u> <u>Proposal</u>	<u>Revised</u> <u>OMB</u> <u>Alternative</u>
- - - - - Dollars - - - - -				
Wheat	bu.	2.91	2.86	2.69
Corn	bu.	2.28	2.00	1.86
Grain sorghum	bu.	2.17	2.18	1.86
Barley	bu.	1.86	2.29	1.60
Oats	bu.	--	1.55	1.07
Cotton	pound	.511	.533	.533
Rice	cwt.	8.52	7.59	7.59

THE WHITE HOUSE
WASHINGTON

March 22, 1977

Z. Brzezinski -

The attached was returned in the
President's outbox. This copy
is for your information.

Rick Hutcheson

Re: Live Ammunition Practice
in Hawaii

THE WHITE HOUSE
WASHINGTON

ACTION	FYI
	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON

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✓	FROM PRESIDENT'S OUTBOX
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	ENROLLED BILL
	AGENCY BILL
	Staffing comments should go to Bert Carp within 48 hours; due from Carp to Staff Secretary next day.

	CAB DECISION
	EXECUTIVE ORDER
	Staffing comments should go to Doug Huron within 48 hours; due from Huron to Staff Secretary next day.

ACTION	FYI
	ARAGON
	BOURNE
✓	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING
	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	WELLS
	VOORDE

THE WHITE HOUSE
WASHINGTON

3/22/77

9:20

Call to H Brown

Stop live ammo
practice on
Kahoolawe Is
in Hawaii?

J

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

March 22, 1977

Stu Eizenstat
Z. Brzezinski

The attached was returned in the
President's outbox. This copy
is forwarded to you for your
information.

Rick Hutcheson

Re: Protection of Whales

THE WHITE HOUSE
WASHINGTON

ACTION	FYI	
		MONDALE
		COSTANZA
	<input checked="" type="checkbox"/>	EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON

*cover
page
only*

	FOR STAFFING
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ENROLLED BILL
	AGENCY BILL
	Staffing comments should go to Bert Carp within 48 hours; due from Carp to Staff Secretary next day.

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ACTION	FYI	
		ARAGON
		BOURNE
	<input checked="" type="checkbox"/>	BRZEZINSKI
		BUTLER
		CARP
		H. CARTER
		CLOUGH
		FALLOWS
		FIRST LADY
		GAMMILL
		HARDEN
		HOYT
		HUTCHESON
		JAGODA
		KING
		KRAFT
		LANCE
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		PRESS
		B. RAINWATER
		SCHLESINGER
		SCHNEIDERS
		SCHULTZE
		SIEGEL
		SMITH
		WELLS
		VOORDE

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

March 19, 1977

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: Protection of Whales

As indicated by the attached letter, numerous environmental groups have requested that you bring to the attention of Prime Minister Fukuda the concern of the American people over the taking of whales by Japanese fishermen. They believe the Japanese have ignored the ten-year moratorium and repeatedly violated International Whaling Commission quotas. They are also concerned about Japan's importation of whale products from countries which do not belong to the International Whaling Commission.

The groups urge you to inform the Prime Minister of your interest in this problem and request the Japanese to support efforts to strengthen the International Whaling Commission programs.

The National Security Council recommends against raising this matter with Prime Minister Fukuda, because the establishment of our 200-mile fishery zone has created tensions between the U.S. and Japan and discussing this matter might create additional problems.

I take no position on this matter but did want you to know about the environmentalists' request.

**Electrostatic Copy Made
for Preservation Purposes**

President Jimmy Carter
The White House
Washington, D.C.

Dear Mr. President,

This year presents the best opportunity yet to bring an end to large-scale commercial whaling. Japan and the Soviet Union are the last two nations with deadly pelagic whaling fleets. Between them, the Japanese and Soviets will directly account for more than 75% of the 32,000 great whales destined to die this year. Japan indirectly accounts for much of the remaining 25%.

When Prime Minister Fukuda of Japan visits Washington later this month, he should be strongly urged to put an end to Japan's dying whaling industry.

Mr. President, your personal persuasion can make the difference. The whaling issue has reached the highest levels in Japan. There is a split within the government, with the Foreign Ministry and the Ministry of Industry and Trade reportedly pushing for an end to whaling, and the Fisheries Ministry and the Labor Ministry fighting to keep the ships at sea and the whalers (just 1500 workers) employed.

Former Prime Minister Miki recognized the damage that whaling was causing and, according to his son, who is a graduate student here in Washington, Miki was trying to develop a consensus to end whaling. But the Miki government was too weak to be effective.

A direct expression of your determination -- and the concern of millions of Americans -- to Prime Minister Fukuda would be welcomed by the anti-whaling forces in Japan. They would be able to use this U.S. pressure to overcome the internal opposition in Japan.

A similar opportunity will come up later this year when Soviet Leader Breshnev comes to Washington. There is also a split within the Soviet government over the future of commercial whaling.

The Japanese and Soviet governments are both highly aware of your strong stands on environmental protection. Indeed, they know that you were instrumental in launching the Save-the Whales Campaign in 1972, when you pushed to make the plight of the great whales a major issue at the U.N. Conference on the Human Environment.

When the 53 nations at Stockholm unanimously called for a

10-year moratorium on commercial whaling, it touched off an international effort unparalleled in conservation.

The great whales have caught the imagination of millions. (The National Geographic reports that its three all-time most popular stories were whale articles printed in the past year). These awesome, mysterious marine mammals are especially fascinating for the nation's young people, who have made the whale the symbol of the environmental crisis we face.

After Japan and the Soviet Union ignored the appeal for a 10-year moratorium and even defied the whale quotas set by the International Whaling Commission (IWC), every major U.S. conservation, environmental and animal welfare organization -- more than 25 groups with memberships totalling over 5 million -- joined to pursue a boycott against the products of Japan and the Soviet Union.

It is only because of such strong pressure that Japan and the Soviet Union have agreed to reduce their whaling quotas in recent years. Says Dr. Robert White, NOAA administrator and U.S. Commissioner to the IWC: "The progress we have achieved in whale conservation in recent years has been almost wholly achieved through the efforts of the private conservation community."

But the slaughter continues relentlessly. Every 17 minutes another whale dies, its back blown open by a grenade-tipped harpoon.

Not only have Japan and the Soviet Union ignored the appeals to end the whale slaughter, but they have on occasion defied the IWC whale quotas. This led the U.S. government to certify in 1975 that the Pelly Amendment to the Fishermen's Protective Act could be invoked against Japan and the Soviet Union. Under this law, their fishery exports to the U.S. could have been embargoed. Unfortunately, President Ford did not choose to use this leverage to pressure compliance with the quotas.

Last fall Japan again flagrantly undermined whale conservation by unilaterally announcing that it was taking out a "scientific permit" to kill 240 Bryde's whales in the Southern Ocean. The IWC has set a zero quota on this sparse, little-known population, but Japan used one of the IWC's whale-size loopholes to increase its take of meat whales. Japan lost one of its primary meat whales last year when the fin whale was put under near-total protection. Japan gave no justification for such a large "scientific" take. Their only statement was

that "the whales will not be wasted" and "will be made available to a factory ship for processing."

The world's scientific community is shocked and outraged by the Japanese action. Says one U.S. government whale scientist: "Japan is prostituting science to promote their whaling interests." The United States must severely criticize Japan's open defiance of whale conservation measures.

Indeed, Japan is subverting the IWC and whale conservation in many areas. More than 4,000 whales are killed each year by nations that are not members of the IWC. The killing is largely indiscriminate and outside any supervision. Highly endangered species are taken, such as right, humpback and even the rare blue whales. Local populations of whales are devastated by the shore-based, non-IWC whalers.

Japan supports most of the non-IWC whaling. In Peru, for instance, the whaling station is owned by Nippon Hoge Co. More than 1,800 whales are killed each year; the whale meat is shipped to Japan. Japan also makes the market for the whale meat from the non-IWC whaling operations in South Korea and Chile. If these whaling operations were put under IWC quotas, the scientists would shut them down because the local whale populations have been severely over-exploited.

The Marine Mammal Commission, in a letter to Secretary Kreps on February 11, recommended that the Pelly Amendment be invoked against Peru and South Korea to force them to join the IWC. Both nations have repeatedly refused.

The most flagrant subversion of whale conservation by Japan is its continued purchase of meat from the pirate whaling ship Sierra, which operates off the west coast of Africa. A combination factory ship and catcher boat, the Sierra was thrown out of the Bahamas several years ago after it nearly wiped out the humpback whale population in the Caribbean. Since then, the rogue pirate whaling ship has been operating in the South Atlantic where the IWC has prohibited all whaling. On board the ship are four Japanese meat merchants who oversee the slaughter of more than 450 endangered sei and Bryde's whales each year. There are fears that the ship is taking the Southern right whale, the rarest of all whale species.

The Japanese take only the prime cuts from the Sierra's kill. Most of the meat and all of the bone and blubber is thrown overboard to the sharks. What remains is deceptively marked "Produce of Spain" and shipped to Japan via the Ivory Coast.

The Sierra flies a Somali flag of convenience, has a Norwegian captain and South African crew, and is registered to a dummy company listed in Lichtenstein. Nobody knows who owns the pirate whaler, but we know very well that Japan makes the market for its illicit meat.

At last year's meeting of the IWC, the U.S. delegation introduced a resolution calling for all member nations to forbid the importation of non-IWC whale products. The Japanese delegation denounced the move, terming it a violation of free trade, and led the successful effort to defeat the resolution.

Mr. President, the United States must demand that Japan halt this subversion of whale conservation.

Whaling is a dying industry. There are cheap substitutes for all whale products. Sperm whale oil, used by the Soviets for their missiles, has been synthesized. Japan is the only nation that consumes whale meat. Because of the destruction of almost all of the large meat whales, Japan's gross tonnage of whale meat has fallen to less than 5% of the peak year of 1964. Whale meat now constitutes less than one-quarter of one percent of the protein consumed in Japan. Japan is a wealthy nation that can readily afford alternate food sources.

One of the Japanese Antarctic whaling fleets last year reported a loss of more than \$5 million because of fewer and smaller whales and huge operating costs (particularly fuel). The six Japanese whaling companies merged into one operation last year to cut their losses. The only reason the industry is still alive is to provide employment. The All Japan Seamen's Union is adamantly opposed to any more cutbacks. In order to maintain labor peace, the Japanese fishing industry, which owns the whaling operation, has agreed to continue whaling despite the continuing enormous losses.

Japan's fishing industry is now undergoing a massive contraction due to worldwide catch restrictions imposed under the new, 200-mile national fishing zones. The Japanese government is being forced to launch a huge program to transfer thousands of workers to other lines of work. Now is the best time to pressure Japan to include the whaling industry in this phasing-out process. The whaling industry is obsolete and each year that it continues in existence diminishes substantially the ability of the great whales to survive and regenerate.

We cannot rely on the International Whaling Commission and its regulations to protect the whales or even save them from extinction. In its 30-year history, the IWC has presided over

the commercial extinction of species after species. First the mighty blue whale was all but extirpated, then the slow-moving humpback and right whales were wiped out. Now the elusive fin and sei whales are under extreme pressure. The only whales now taken in large quantities are the sperm whales, which still maintain large populations, and the minke whale, an animal so small that it was not commercially exploited until 1970.

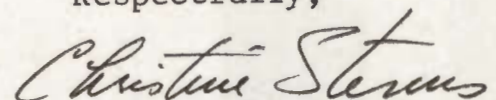
The IWC sets its quotas according to the "maximum sustainable yield" principle. But this concept has been a disaster for the whales because: 1) MSY was developed to manage fish, which reproduce rapidly, not whales, whose reproduction is very slow (gestation is about 12 months, with another year of nursing); and 2) the data base for estimating MSY in whales is exceedingly shaky.

The IWC is severely limited by its antiquated convention, its discredited scientific methods and, most importantly, by the special interests of the whaling nations, who have almost always put profit before the survival of the whales.

The whaling nations, led by Japan and the Soviet Union, have traditionally overruled the warnings of scientists, even the IWC's own scientific committee, in favor of rapid exploitation of the whales. This rapacious attitude led the U.N. Food and Agriculture Organization to observe in a 1974 report on whaling: "It is not realistic to presume (the whalers) will ensure either the maintenance or even the continued existence of a whale stock. It pays to exploit a resource excessively heavily, even to extinction, and not on a sustainable basis."

It is time for the whaling issue to be resolved at the highest levels of government, not by fishery bureaucrats and special interests. Your leadership can persuade Japan and the Soviet Union to end whaling. Australia is reported to be considering a ban on whaling there. The whaling station in Western Australia kills some 1000 sperm whales each year but is losing money. Your intercession with the Canberra government might quickly get Australia out of the whaling business. This is particularly important since the annual IWC meeting will be held in Canberra in June.

Respectfully,



Society for Animal
Protective Legislation
P.O. Box 3719
Washington, D.C. 20007

Milton M. Kaufmann

Let Live
1346 Connecticut Avenue, N.W.
Washington, D.C. 20036

W. J. Cooper

Defenders of Wildlife
1244 19th Street, N.W.
Washington, D.C. 20036

Craig Van Note

Rare Animal Relief Effort
c/o National Audubon Society
950 Third Avenue
New York, New York 10022

Lewis Regenstein

The Fund for Animals
1765 P Street, N.W.
Washington, D.C. 20036

Guillermo Alvarez

Sierra Club
324 C Street, S.E.
Washington, D.C. 20003

William A. Butler

Environmental Defense Fund
1525 18th Street, N.W.
Washington, D.C. 20036

Patricia A. Forkan

Humane Society of the United States
2100 L Street, N.W.
Washington, D.C. 20037

THE WHITE HOUSE
WASHINGTON

March 22, 1977

Jack Watson -

For your information, the
attached were returned in the
President's outbox.

Rick Hutcheson

Cabinet Items

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

March 18, 1977

MEMORANDUM TO: THE PRESIDENT
FROM: Jack Watson *Jack*
RE: PROPOSED AGENDA FOR THE
CABINET MEETING,
Monday, March 21, 1977

- (1) Discussion by the Vice President of planning and preparation for the six-month agenda.
- (2) Harold Brown has reiterated his interest in making a 15-minute presentation, with charts, on the impact of defense installations and contracts on state and local communities. He would like to bring this subject up as part of his comments next week.
- (3) Discussion of the use of consultants.
(Cabinet members were requested to take an inventory at the 3/14 meeting.)
- (4) Summary of your meeting with District of Columbia officials, and the need for attention by each Department and agency to local government concerns.
- (5) Report on your trip to Massachusetts, West Virginia and New York.
- (6) Reports from Cabinet members.

cc: The Vice President

**Electrostatic Copy Made
for Preservation Purposes**

C.

Mr. President:

1) - you were absolutely great at the Gridiron - your delivery & timing were superb.
(material was good too)

(*) 2) For some reason, the minutes that I delivered to you last Wed were never returned to me - as a consequence, I've not given copies to the Cabinet though I have them ready for distribution with me now -

3) I'll have a memo & a draft message ready for your review this morning on an Administration drought package - It's been worked out with & approved by OMB, Sta's staff, Cecil Andrus, Bob England & FDA - We have to testify on Wednesday - Cecil will be our principal spokesman before the House committee -

Respy -

JW

THE WHITE HOUSE
WASHINGTON

March 22, 1977

Ham Jordan -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: John Fanning as Chairman
NLRB

THE WHITE HOUSE
WASHINGTON

ACTION	FYI
	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ENROLLED BILL
	AGENCY BILL
	Staffing comments should go to Bert Carp within 48 hours; due from Carp to Staff Secretary next day.

	CAB DECISION
	EXECUTIVE ORDER
	Staffing comments should go to Doug Huron within 48 hours; due from Huron to Staff Secretary next day.

ACTION	FYI
	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING
	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	WELLS
	VOORDE

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

March 22, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: HAMILTON *HJ* JORDAN

SUBJECT: CHAIRMAN, NATIONAL LABOR RELATIONS BOARD

Ray Marshall has written to you in the attached letter to recommend that you designate a new Chairman of the National Labor Relations Board. His candidate is John H. Fanning, whose term on the Board expires in December of this year.

Fanning is acceptable to the labor leadership, and Ray has discussed it with the appropriate members of Congress.

The present chairman is a Republican woman, Betty Southard Murphy, and there may be some adverse reaction from the women's movement to having Fanning designated chairman in her place. She will, however, retain her membership on the Board until 1980.

I recommend you approve Ray's proposed designation of John Fanning as Chairman, NLRB.

Approve ✓

Disapprove _____

Discuss _____

Attachment

**Electrostatic Copy Made
for Preservation Purposes**

Re
Appointments

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

March 16, 1977

"ACTION"

RH
encl

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

I am writing to recommend that you designate a new Chairperson of the National Labor Relations Board (NLRB). The NLRB consists of five members, each of whom is appointed to five-year terms by the President. The President names one of the members of the Board to serve as Chairperson. Betty Southard Murphy is the current Chairperson. She was named to the NLRB and designated as Chairperson in February 1975 by your predecessor. Therefore, her term of membership on the Board does not expire until 1980. You are, however, free to name a new Chairperson.

John H. Fanning will be the next member of the NLRB whose term expires. He will complete his current five-year term in December of this year. Mr. Fanning was first appointed to the NLRB in 1957 and has served four consecutive terms. In view of Mr. Fanning's excellent record of service, I would like to suggest that you designate him as the new Chairperson of the NLRB.

I have discussed this proposed change in the Chair of the NLRB with interested Members of Congress and with the leadership of the AFL-CIO. Both groups are agreeable to Mr. Fanning being named Chairperson.

I am enclosing a copy of Mr. Fanning's resume for your information. I would be pleased to discuss this recommendation with you or members of your staff on request.

Sincerely,

Ray Marshall

Secretary of Labor

✓ Enclosure

JOHN H. FANNING

BIRTH: September 19, 1916, Putnam, Connecticut

EDUCATION: Norwich Free Academy, Norwich, Connecticut, 1934
Providence College, Providence, R. I., A.B. (cum laude),
1938
Catholic University of America School of Law,
Washington, D. C. LL.B., 1941
Providence College - Doctor of Public Administration, 1969

PROFESSION: Lawyer - Member of State of Rhode Island and U. S. Supreme
Court Bars. Member of Federal Bar Association

GOVERNMENT CAREER:

Federal career employee from 1942 to 1957, serving in
legal and industrial relations positions in the
Departments of Labor, Army, and Defense. Since
December 1957 has served as a Presidential Appointee as
a Member of the National Labor Relations Board.

In December 1972 was appointed by President Nixon to a
fourth 5 year term as a Member of the National Labor
Relations Board. He is the only Board Member to be
appointed to four successive terms by Presidents of
different political parties. He previously was
appointed to the Board by Presidents Eisenhower,
Kennedy and Johnson, and has served continuously since
December 1957.

NON-GOVERNMENT EXPERIENCE:

Law firm of Corcoran and Mangan, Pawtucket, R. I.,
1941-42.

MARITAL STATUS:

Married to former Eloise M. Cooney, Pawtucket, R. I.
Mrs. Fanning is a graduate (A.B. degree) of Brown
University, Providence, R.I., 1938 and teaches Latin
at the Immaculata Preparatory School, Washington, D.C.
Five children, three girls, two boys.

POLITICAL AFFILIATION:

Registered Democrat.

LEGAL RESIDENCE & DOMICILE:

15 Pierce Street, Pawtucket, R. I.

WASHINGTON, D. C. RESIDENCE:

5905 Welborn Drive, Washington, D. C. 20016

PROFESSIONAL AWARDS:

May 1957, received from National Civil Service League its Annual Career Award given to outstanding Government employees.

April 1958, received Department of Defense Meritorious Civilian Service Medal.

May 1958, received Providence College Alumni Association Annual Personnel Achievement Award.

May 1965, inducted as Honorary member in Phi Alpha Delta law fraternity for service to Catholic University Law School and students.

November 1965, received Catholic University of America Alumni Association Annual Award for Outstanding Achievement in the field of Government.

OTHER PROFESSIONAL ACTIVITIES:

Has participated as guest speaker or lecturer in numerous programs sponsored by many of the nation's outstanding colleges and universities, Bar Associations, professional, labor, and management groups.

Has authored articles appearing in publications of Boston College, George Washington, Catholic, Loyola, Tulane, Georgia, Pennsylvania, Baylor, Arizona, Wayne State, and New York Universities; THE RECORD of the Bar of the City of New York, Monthly Labor Review of the U. S. Department of Labor, Labor Law Journal, Social Order of the New Catholic Encyclopedia, and the Bureau of National Affairs.

1971 - Member of the Administrative Conference of the United States.

COMMUNITY ACTIVITIES:

1968 - Member of Cardinal O'Boyle's Committee of the Laity for the Archdiocese of Washington, to advise on and implement charitable and social activities of the Archdiocese.

1969 - Board of Directors, Catholic Youth Organization, Archdiocese of Washington, D. C.

ALUMNI ACTIVITIES:

1959 - 1962, national president, Catholic University Law School Alumni Association.

1961 - 1962, Board of Governors, Providence College Alumni Association.

1971 - Board of Directors, Catholic University Law School Alumni Association.

THE WHITE HOUSE
WASHINGTON

March 22, 1977

The Vice President
Stu Eizenstat
Ham Jordan
Bob Lipshutz
Jack Watson
Hugh Carter
Richard Harden
Bert Lance

For your information the attached
Presidential note has been given to
Bob Linder for distribution to the
Cabinet and other officers.

Rick Hutcheson

Re: Paperwork Reduction Recommendation

THE WHITE HOUSE
WASHINGTON

Bob Linder

Could you arrange to have the
a ttached offset as quickly as
possible. I have called for the
file from Central Files to see
who it was previously sent to.

Trudy Fry
3/22/77

THE WHITE HOUSE
WASHINGTON

TO
LINDER
FOR DISTRIBUTION

ACTION	FYI	
	X	MONDALE
		COSTANZA
	X	EIZENSTAT
	X	JORDAN
	X	LIPSHUTZ
		MOORE
		POWELL
	X	WATSON

FOR STAFFING
FOR INFORMATION
FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY
IMMEDIATE TURNAROUND

ENROLLED BILL
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CAB DECISION
EXECUTIVE ORDER
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Secretary next day.

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		BUTLER
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	X	H. CARTER
		CLOUGH
		FALLOWS
		FIRST LADY
		GAMMILL
	X	HARDEN
		HOYT
		HUTCHESON
		JAGODA
		KING
		KRAFT
	X	LANCE
		LINDER
		MITCHELL
		POSTON
		PRESS
		B. RAINWATER
		SCHLESINGER
		SCHNEIDERS
		SCHULTZE
		SIEGEL
		SMITH
		WELLS
		VOORDE

THE WHITE HOUSE
WASHINGTON

3-21-77

To Cabinet & other Officers

Submit the paperwork
reduction recommendations
on time (3/31/77)

Respectfully

Jimmy Carter

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE

WASHINGTON

March 21, 1977

MEETING WITH MYRRA LENORE LEE, TEACHER OF THE YEAR

Tuesday, March 22, 1977

2:30 p.m. (5 minutes)

The Cabinet Room

From: MARGARET COSTANZA *MC*

I. PURPOSE

To present Mrs. Lee with the Teacher of the Year Award, in the form of a Steuben glass apple to be provided by Susan Hansford of Chief State School Officers Council

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

- A. Background: The National Teacher of the Year is traditionally honored by the President at the White House, after which the name of the teacher is announced to the public.

The Award Program was begun in 1952 by the U.S. Office of Education in conjunction with the Council of Chief State School Officers and McCall's Magazine. The purpose was to identify an outstanding teacher thereby honoring all of the teaching profession. Current sponsors of the program are the Council of Chief State School Officers, Encyclopedia Britannica and Ladies Home Journal.

- B. Participants: A maximum of 42 persons including Mrs. Lee and her family, sponsors and National Selection Committee members as well as HEW Secretary Joseph Califano; HEW Secretary for Education, Mary Berry; Commissioner of Education, Ernest Boyer; California Senators Cranston and Hayakawa; and California Congressmen Van Deerlin and Wilson; See attached.

- C. Press Plan: Photo pool; Teacher of the Year Program will also provide photographer.

III. TALKING POINTS

1. The President may wish to note that Mrs. Myrra Lenore Lee is a 50-year old mother of three grown children, and has degrees from the University of Wisconsin and Columbia University. She has been at Helix High School, La Mesa, California for seven years teaching Social Living, History, and Women's Studies. She has taught full time for 10 years and has substituted for 10 years. A native of New York City, Mrs. Lee is active in many community activities, including the Urban League, E.R.A. - America and the local Human Relations Association - to name a few.
2. The President may also want to reflect on the role played by his own teachers in helping to develop his character and his intellect in preparation for his future life.

President has seen
THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

March 21, 1977

BREAKFAST WITH DEMOCRATIC CONGRESSIONAL LEADERSHIP

Tuesday, March 22, 1977

8:00 a.m.

Family Dining Room

From: Frank Moore *FM*.

I. PURPOSE

Regularly scheduled Tuesday Breakfast with Congressional Leaders.

II. PARTICIPANTS

See attached list

III. PRESS PLAN

White House Photo.

Senator Ribicoff will be attending the breakfast. WFSB - Channel 3 in Hartford, Connecticut, is doing a special on Senator Ribicoff and a camera crew of three will arrive at 7:30 a.m. to film the Senator with you prior to breakfast. It would be helpful if you could arrive at 7:55 a.m. so that this filming will not interfere with the timing of the breakfast itself.

IV. TALKING POINTS

1. Election Reform. The Vice President will discuss.
2. Energy Reorganization. Discuss the timetable with the Speaker and Chairman Jack Brooks.
3. General Reorganization. Thank the Leadership and particularly Chairman Brooks for their swift action on Reorganization.
4. Nominations to the Senate. To-date, you have sent 129 nominations to the Senate; only 68 have been confirmed.
5. Welfare Reform - Tax Reform. Assure the Leadership that although you plan to send these proposals to the Hill in October, you realize that they will not be able to act on them before adjournment. There is some concern that the timing will make them look irresponsible.
6. Moscow Trip. The Leadership is anxious to learn what is to be discussed during the trip. If there is a chance that Secretary Vance will come back with human rights commitment, Leadership should know now.

PARTICIPANTS

The President

The Vice President

SENATE

Robert C. Byrd
Alan Cranston
Daniel Inouye
Hubert H. Humphrey
James O. Eastland
Abraham Ribicoff

HOUSE

Thomas P. O'Neill, Jr.
Jim Wright
Thomas S. Foley
John Brademas
Dan Rostenkowski
Shirley Chisholm
Jack Brooks

STAFF

Frank Moore
Stu Eizenstat
James Schlesinger
Dan Tate
Bill Smith

OTHER

Ken Curtis

THE WHITE HOUSE
WASHINGTON

March 22, 1977

The Vice President
Bert Lance
Jody Powell
Jack Watson
Stu Eizenstat

The attached is forwarded to
you for your information.

Rick Hutcheson
Re: Drought Legislation

THE WHITE HOUSE
WASHINGTON

ACTION	FYI
	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON

FOR STAFFING
FOR INFORMATION
FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY
IMMEDIATE TURNAROUND

ENROLLED BILL
AGENCY BILL
Staffing comments should go to Bert Carp within 48 hours; due from Carp to Staff Secretary next day.

CAB DECISION
EXECUTIVE ORDER
Staffing comments should go to Doug Huron within 48 hours; due from Huron to Staff Secretary next day.

ACTION	FYI
	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING
	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	WELLS
	VOORDE

THE WHITE HOUSE
WASHINGTON

3/22/77

Mr President:

I believe Stu's memo will answer your concerns about the cost of the drought package. (I hope so).

I have everything ready to go pending your sign-off. We need to get copies of the message to 8 Senators & 9 Congressmen tonight. Everything has been worked out with Frank, & his people are ready to move —

Cece's testimony before the House committee on the Jackson bill is set for 10:15 AM. The Plan is to have your Drought message released at the 11:30 Press briefing by Andrus &

THE WHITE HOUSE
WASHINGTON

Bergland jointly - all of
that has been worked out
with them & with Jody -

Bergland will be excused
from the Agriculture Committee
hearing for 45-60 minutes to do
the briefing -

I shall hold everything
until I hear from you -

Respectfully -

Jack

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

March 22, 1977

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: Drought Legislation

At your request, I have reviewed Jack's memo of March 21. I would make the following points:

(1) The budget cost of the program proposed amounts to \$270 million for FY 1977 broken out as follows:

- \$150 million for grants to communities for water supply assistance;
- \$100 million through the Agricultural Stabilization and Conservation Service for soil conservation practices to prevent the loss of topsoil;
- Roughly \$20 million to cover both administrative cost and the interest subsidy on \$594 million worth of loans.

The program authorities are scheduled to terminate at the end of this fiscal year. Budget cost in 1978 will amount to about \$16 million to cover interest subsidies, and will decline thereafter for the life of the loans outstanding (most of which will be for 40 years). The total budget cost of the loan program is estimated by OMB at \$547 million -- but this is the full 40-year cost.

(2) The loan programs recommended are directed to areas of need identified by the Drought Study Group.

- \$100 million for emergency 5% loans to farmers on a prospective loss basis;
- \$50 million in emergency 5% loans to drought-impacted small businessmen;

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for Preservation Purposes**

- \$30 million in 5% loans for emergency irrigation measures;
- \$300 million in 5% loans to communities for water supply assistance;
- \$100 million in 5% loans to assist farmers to purchase available water (essentially conversion of the Jackson "Water Bank" approach from grants to loans).

Note that the prospective loans to farmers do not materially increase federal exposure since farmers are already entitled to low-interest loans after losses occur. Note also that, except for the subsidy reflected in (1) above, these loan costs do not appear in the Budget, since the Treasury sells the loan "paper."

(3) For both grants and loans, eligibility will be restricted to areas -- designated by the President, the Secretary of Agriculture or Interior, or the SBA Administrator -- where a major and continuing drought condition exists.

RECOMMENDATION

There are essentially two thrusts to this proposal:

- to help tide farmers and small businessmen over with low-interest loans;
- to encourage water conservation activities and development of additional supplies by communities and farmers, and in the case of farmers, to encourage topsoil conservation as well, through grants and loans.

It would be possible to reduce the budget costs by elimination of the grant features. However, it is our judgment that Congress will not accept a "loan only" approach. The Jackson bill, which aids only a small portion of the affected constituency has an FY 1977 cost of \$200 million. The proposal before you has an FY 1977 cost of \$270 million, but represents a comprehensive approach. Reduction of the Administration proposal would run the risk of "runaway legislation" on the Hill.

Option #1 _____. Eliminate all grant features of the package (\$250 million reduction).

Option #2 _____. Eliminate cost-sharing grants for soil conservation (\$100 million savings).

Option #3 ✓ _____. Proceed with original proposal. (Recommended by myself, Jack, OMB and the agencies).

THE WHITE HOUSE
WASHINGTON

March 22, 1977

Jack Watson
Stu Eizenstat

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: The Vice President
Frank Moore
Jody Powell

Re: Drought Legislation

THE WHITE HOUSE
WASHINGTON

ACTION	FYI	
	<input checked="" type="checkbox"/>	MONDALE
		COSTANZA
	<input checked="" type="checkbox"/>	EIZENSTAT
		JORDAN
		LIPSHUTZ
	<input checked="" type="checkbox"/>	MOORE
	<input checked="" type="checkbox"/>	POWELL
		WATSON - <i>was copy already</i>
		FOR STAFFING
		FOR INFORMATION
	<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
		LOG IN/TO PRESIDENT TODAY
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		PRESS
		B. RAINWATER
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		SCHNEIDERS
		SCHULTZE
		SIEGEL
		SMITH
		WELLS
		VOORDE

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR: The President
FROM: Jack H. Watson, Jr.
SUBJECT: Drought Legislation
DATE: March 21, 1977

*Jack/ Stu -
Seems very
expensive -
J*

Jack

On March 15, 1977, by a vote of 92-0, the Senate approved a bill introduced by Senator Jackson that would direct the Secretary of the Interior to purchase and sell water within Bureau of Reclamation projects at a substantial subsidy to the purchaser. In addition, the bill calls for full Federal funding of certain emergency soil conservation practices, and contains an initial authorization of \$200 million.

The main problem with the Jackson bill is that it would provide a substantial subsidy to a relatively small group of agricultural water users, the growers of perennial crops on irrigated farms. The costs of extending similar assistance to other groups equally affected by the drought would be prohibitive.

After consultation with Cecil Andrus, Bob Bergland, Stu Eizenstadt's staff, OMB, and the Vice President's staff, we have developed an alternative to the Jackson approach which will offer appropriate assistance to a much broader group of drought victims through a combination of loans, grants and administrative actions. These temporary proposals would expire at the end of this fiscal year and would focus exclusively on immediate drought assistance and water conservation practices.

Hearings in the House on the Jackson bill had been scheduled to begin on Monday, March 21, with representatives of Interior scheduled to testify. At my request, the scheduled Administration testimony was shifted to Wednesday so that we might complete work on a comprehensive drought assistance program. Total assistance amounts to \$844 million, including \$594 million in loans (most at 5%) and \$250 million in grants. The cost to the government over the life of the proposal including the subsidy cost of the loans is \$547 million.

The comprehensive drought assistance proposal broken down by program initiatives and costs is shown on the attached sheet. Stu, OMB and the cited agencies agree with this approach.

Approve _____ Disapprove _____ Discuss _____

cc: Andrus, Eizenstadt
Bergland, Cutter

*I have also attached a
draft message, which has also
been cleared with everyone -
Jack*

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Attachment - Comprehensive
Drought Assistance Proposal*

<u>Program Initiatives</u>	<u>Agency</u>	<u>Loans</u>	<u>Grants</u>	<u>Totals</u>
o Loans and grants to communities for water supply assistance - 5%	Economic Development Administration	\$150	\$75	\$225
o Loans and grants to communities for water supply assistance - 5%	Farmers Home Administration	150	75	225
o Emergency loans to farmers - 5% "prospective losses"	Farmers Home Administration	100**	-	100
o Cost-sharing for soil conservation practices	Agricultural Stabilization and Conservation Service	-	100	100
o "Water Bank" loans - 5%	Department of Interior	100	-	100
o Emergency loans to small businessmen - 5%	Small Business Administration	50	-	50
o Purchase of emergency power supplies	Southwestern Power Administration			
o Emergency irrigation measures	Department of Interior	30	-	30
		<u>\$594</u>	<u>\$250</u>	<u>\$844</u>

*General Criteria

- Proposals would expire 9/30/77.

- Assistance will be provided only when a major and continuing adverse drought condition exists and the areas are designated by the President, the Secretaries of Agriculture or Interior, or the Administrator of the Small Business Administration.

- Assistance will focus on solutions to immediate problems, e.g. alleviating water shortages conditions, adverse soil impacts, etc.

- The proposals are in addition to financial assistance being provided under existing programs namely: Emergency loans to farmers - \$600 million; Disaster payments for crop losses - \$225 million; Emergency livestock loans - \$175 million; Crop insurance indemnity payments - \$170 million.

** Estimated/no actual limit.

Over the past two years, many of the Western and Plains states of our nation have been victims of a prolonged, severe drought. The effects of the drought have built up over many months, and they will take a long time to correct. Even long periods of rain would not wholly relieve the problem now.

The human and economic costs of the drought have been high. It has jeopardized municipal water supplies, damaged crops and pastureland and depleted livestock numbers. The drought has inflicted financial hardship on countless farmers, ranchers, businessmen and others, and it continues to pose a serious threat to their livelihood.

The Federal government has already made available almost a billion dollars in drought assistance through loans and cost-sharing programs. Although we do not have enough money to meet every requirement or indemnify every loss, we can provide additional help in certain areas. I am recommending a variety of assistance programs which will be applied in each area depending on how severely the drought has affected the people of that region.

In addition, we can encourage water conservation through several existing government programs. In many cases, water conservation is our only hope for immediate relief. As a nation, we must begin to conserve our water supplies, and government -- at all levels -- must lead the way.

The measures I propose will allocate benefits fairly, will mitigate some of the worst effects of the drought, and will support individuals and communities in their efforts to conserve water. Some of these proposals will require modification of existing programs or additional funding. Others will require totally new legislation. All of these will be temporary authorities; they are designed to cope with short-term problems, and they will expire on September 30, 1977.

Specifically, I propose the following legislative actions:

- o New temporary authority to allow the Economic Development Administration and the Farmers Home Administration to provide \$150 million in grants and \$300 millions in low interest (5%) loans to communities for emergency water system improvements which can be completed quickly and which are essential to protect public health and safety.
- o Establishment of a new Small Business Administration drought assistance loan program to provide \$50 million in low interest (5%) loans to small businesses in major drought designated areas.
- o Establishment of a new Farmers Home Administration drought assistance loan program in which prospective losses can be included. This program will provide 5% loans to farmers and ranchers in major drought designated areas.
- o New legislation to authorize the Secretary of the Interior to provide \$100 million in low interest (5%) loans to purchasers of water. (Endorsement of the water bank objectives of S-925).
- o Supplemental funds totalling \$14 million for the Southwestern Power Administration to ensure adequate energy supplies.
- o Supplemental funds in the amount of \$30 million to the Bureau of Reclamation to provide assistance to irrigators on Federal Reclamation projects.
- o Transfer to the Department of Agriculture from the Federal Disaster Assistance Administration authority to administer and fund the Emergency Livestock Feed Program.

- o Supplemental funds to the Agricultural Stabilization and Conservation Service in the amount of \$100 million to provide for cost-sharing of emergency soil conservation practices.

In addition, I have directed the following administrative measures:

- o The Secretaries of Agriculture and Interior will make available additional Federal lands for grazing and issue emergency permits as appropriate.
- o The Secretary of Agriculture will take administrative steps to ensure that trained fire-fighters and essential equipment are available to meet the increased danger of forest and wildfires.

When added to the supplemental appropriation of \$200 million for disaster assistance, these new legislative proposals will provide almost \$1 billion in additional drought assistance and bring to almost \$2 billion the assistance provided by the Federal government.

I believe the legislative proposals and administrative actions outlined above offer the best possibility of providing immediate assistance to meet the needs of some of our fellow Americans in this period of crisis. I urge immediate consideration of the legislative proposals and their timely adoption. If we are to be of real help to the people afflicted, time is of the essence.

THE WHITE HOUSE
WASHINGTON

March 22, 1977

Frank Moore -

The attached letter from Peter Rodino was returned in the President's outbox. This copy is for your information.

Rick Hutcheson

Re: Use of words "mafia" or
"cosa nostra"

*Original to
Central Files*

X

THE WHITE HOUSE
WASHINGTON

Send copy
to F Moore
note that Pres
has seen

THE WHITE HOUSE
WASHINGTON

Mr. President:

Counsel's office has no problem with the Congressman's suggestion, provided that your direction is informal (e.g., mentioned at a Cabinet meeting).

Rick

PETER W. RODINO, JR. (N.J.), CHAIRMAN

JACK BROOKS, TEX.
 ROBERT W. KASTENMEIER, WIS.
 DON EDWARDS, CALIF.
 JOHN CONYERS, JR., MICH.
 JOSHUA EILBERG, PA.
 WALTER FLOWERS, ALA.
 JAMES R. MANN, S.C.
 JOHN F. SEIBERLING, OHIO
 GEORGE E. DANIELSON, CALIF.
 ROBERT F. DRINAN, MASS.
 BARBARA JORDAN, TEX.
 ELIZABETH HOLTZMAN, N.Y.
 ROMANO L. MAZZOLI, KY.
 WILLIAM J. HUGHES, N.J.
 SAM B. HALL, JR., TEX.
 LAMAR GUDGER, N.C.
 HAROLD L. VOLKMER, MO.
 HERBERT E. HARRIS II, VA.
 JIM SANTINI, NEV.
 ALLEN E. ERTEL, PA.
 BILLY LEE EVANS, GA.
 ANTHONY C. BEILENSEN, CALIF.

ROBERT MCCLORY, ILL.
 TOM RAULSBACK, ILL.
 CHARLES E. WIGGINS, CALIF.
 HAMILTON FISH, JR., N.Y.
 M. CALDWELL BUTLER, VA.
 WILLIAM S. COHEN, MAINE
 CARLOS J. MOORHEAD, CALIF.
 JOHN M. ASHBROOK, OHIO
 HENRY J. HYDE, ILL.
 THOMAS N. KINDNESS, OHIO
 HAROLD S. SAWYER, MICH.

THE PRESIDENT HAS SENT.

GENERAL COUNSEL:
ALAN A. PARKERSTAFF DIRECTOR:
GARNER J. CLINE

Congress of the United States
Committee on the Judiciary
House of Representatives
Washington, D.C. 20515

Telephone: 202-225-3951

March 14, 1977

President Jimmy Carter
 White House
 1600 Pennsylvania Ave.
 Washington, D.C. 20500

Dear Mr. President;

In 1970, largely in response to the feelings expressed by millions of Americans of Italian origin, the Attorney General of the United States issued a directive prohibiting the use of the words "mafia" or "cosa nostra" by Justice Department officials. Those words, regrettably, had contributed mightily to the creation of a grossly inaccurate impression that all members of organized crime were of Italian origin.

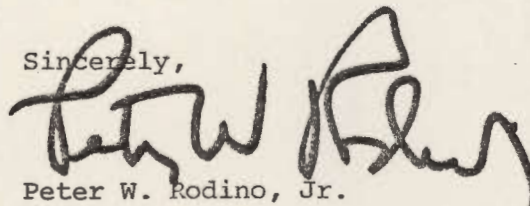
I was very pleased to learn, therefore, that Judge Bell intends to retain in force at the Justice Department the 1970 directive. It is my hope that you as President might act at this time to extend that prohibition to all agencies and departments of the Executive Branch.

I know personally of your deep and abiding appreciation of the many contributions by those of Italian origin to the richness of American life. I know too, by your excellent remarks at last year's Bicentennial Dinner of the Italian American Foundation, that you are sensitive to the many forms of quiet discrimination that still exist in this country. I'm certain you agree that the careless use of an unnecessary phrase should not continue to embarrass and denigrate millions of law abiding Americans of Italian origin.

An executive directive prohibiting the use of these words would be viewed with great pride by all Americans of Italian descent, and would serve as an enormously meaningful symbolic gesture. I am hopeful you might give it your serious consideration.

With warm best wishes,

Sincerely,



Peter W. Rodino, Jr.
 Chairman

PWR:dcd

THE WHITE HOUSE
WASHINGTON

March 22, 1977

Landon Butler
Stu Eizenstat

For your information the
attached letter has been
sent to Cesar Chavez.

Rick Hutcheson

x

THE WHITE HOUSE

WASHINGTON

March 22, 1977

To Cesar Chavez

Thank you for your letter of January 29, 1977, regarding the housing problems facing farmworkers. As you point out, the need for decent housing is a critical area that concerns us all.

I am informed by Secretary Marshall that the Department of Labor operates several programs through their farmworker program funded under the Comprehensive Employment and Training Act (CETA) of 1973. Specifically, a \$2.1 million housing assistance program is funded through the Rural Housing Alliance (RHA) and its 30 subgrantees in every major agricultural State to impact on Farmers Home Administration (FmHA) financing. In addition the Department of Labor has funded other farm housing projects in California and Florida.

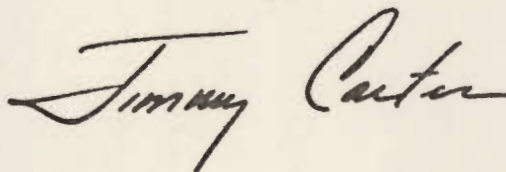
I briefly point out this activity to identify a few of the current positive efforts to address the farmworker housing problem. However, I share your concerns that "much remains to be done."

Recognizing that farmworkers require special attention because of their employment problems, I have proposed several new initiatives in my economic stimulus message to the Congress. These include residential training for migrant and seasonal farmworkers, training programs coordinated with rural economic development activities, rehabilitation of farm labor housing camps, and publicly assisted home rehabilitation

and weatherization projects. These proposals are currently before the Congress which I hope will act favorably and provide additional appropriations for farmworker programs. These new initiatives will be coupled with the existing \$63.2 million farmworker program which funds grantees in 49 States and Puerto Rico to conduct employment and training activities and supportive services for eligible farmworkers.

Any program to impact on housing problems will require a coordinated approach by the Executive Branch including leadership roles by the Departments of Housing and Urban Development and Agriculture. I can assure that the new administration intends to work through all relevant agencies in a combined effort to improve the living conditions of farmworkers. I hope we can work together to reach these goals. If you have specific suggestions I urge you to communicate them to my policy advisor Stu Eizenstat.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned below the word "Sincerely,".

Mr. Cesar E. Chavez
President
United Farm Workers
of America
La Paz, Keene, California 93531

~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

March 22, 1977

Stu Eizenstat -

The attached was returned in the
President's outbox. It is returned
for your information.

Rick Hutcheson

Re: Leaks Relating to Water
Projects

"DETERMINED TO BE AN ADMINISTRATIVE MARKING
CANCELLED PER E.O. 12856, SEC. 1.3 AND
ARCHIVIST'S MEMO OF MARCH 16, 1983"

THE WHITE HOUSE
WASHINGTON

ACTION	FYI
	MONDALE
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	SCHULTZE
	SIEGEL
	SMITH
	WELLS
	VOORDE

THE PRESIDENT HAS SEEN.

ok
J

THE WHITE HOUSE
WASHINGTON

March 21, 1977

~~CONFIDENTIAL~~-----NOT FOR CIRCULATION

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *SE*
SUBJECT: Leaks Relating to Water Projects

Two weeks ago you said you had heard that a member of my staff, Kathy Fletcher, was responsible for leaking a Bureau of Reclamation list of 27 water projects scheduled for further review. Since then, I have reviewed the facts surrounding the incident as carefully, and quietly, as possible, and I am convinced, as are others, that Kathy was not the source of the leak.

The basic allegations, as repeated to me by others, are that Kathy (a) leaked the list at a meeting of the Congressional Environmental Study Conference and (b) stated at the meeting that 90-95% of all water projects would be recommended for termination.

Kathy attended the meeting with five other Administration representatives: Mr. Crabill of OMB; Mr. Jellinek of the Council on Environmental Quality; Mr. Dickey of the Corps of Engineers; Mr. Farrand, Acting Assistant Secretary of Interior; and Mr. Mitchell of the Department of Agriculture's Soil Conservation Service. Each of these individuals was contacted and stated, for the record, that Kathy (a) did not distribute the Bureau list (or any other list) and (b) made no statement in any way resembling a comment or speculation that 90 to 95% of the projects would be cut.

Assistant Secretary Farrand further stated that Kathy did not see and could not have had access to the list of Bureau of Reclamation projects before or during that meeting.

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for Preservation Purposes

"DECLASSIFIED TO BE AN ADMINISTRATIVE MARKING
CANCELLED PER E.O. 12958, SEC. 1.3 AND
ARCHIVIST'S MEMO OF MARCH 13, 1983"

In addition, four of these five individuals volunteered statements that Kathy's conduct during the meeting was thoroughly professional, that she handled difficult questions well, and that all of her comments were consistent with the agreed-to Administration position and procedures on water projects.

Similar comments were made by Congressional staff members who attended the meeting: Mike McCabe of the Congressional Environmental Study Conference, Roy Greenaway of Senator Cranston's staff, and Jim Spence and Irv Sprague of the Speaker's staff. Each of them believed Kathy handled herself very professionally and was unaware of any list having been released.

As you may know, since you spoke to me about this matter, the Interior Department has assumed full responsibility for the release (though it has not been able yet to pinpoint the individual responsible).